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NEWS SUMMARY

GENERAL

Bomb attack on Iraq envoy

bomb exploded in London yesterday under the car of the Iraqi Ambassador to Britain. Scotland Yard is not linking the attack with Britain's expulsion of 11 Iraqis.

Mr. David Owen, Foreign Secretary, last night, condemned the attack, saying that Britain will not tolerate "other countries' conflicts being fought here." But he said there are no plans to break diplomatic relations.

The explosion occurred just before the ambassador, Mr. Taha Ahmed al-Dawood, was to leave for Heathrow airport to take up a new appointment in Saudi Arabia. Embassy staff said he was delayed from leaving the embassy by a telephone call which came as he was saying goodbye to his staff.

A woman was stopped by passers-by and was helping police with their inquiries last night. Two people were taken to hospital after the explosion. Page 2

Interim measure

Portugese President Antonio Ramalho Eanes has begun his search for a new government, following his dismissal of Socialist Prime Minister Dr. Mario Soares. Elections cannot be held before January, but Dr. Soares has agreed to keep the administration "ticking over" in the meantime. Page 2

Cuba denounced

Somalia has denounced Cuba as an agent of the Soviet Union and said it was unworthy of membership of the non-aligned nations movement. The Cuban Foreign Minister told the non-aligned nations' conference in Belgrade that Cuba saw its role in Africa as a fight against the inherited backwardness of colonial oppression." Page 2

Dividend controls

Government legislation extending dividend controls for a further 12 months was given a second reading without a vote in the Lords yesterday. Page 4

Test cricket

England were 225 for seven in reply to New Zealand's 234 in the second day of the Oval Test. Today, the Lambeth Anglican bishops' conference will field an XI including players from Canada, Australia and Japan, against a Kent University team.

Trade threat

The U.S. Senate has voted to impose a trade embargo against Uganda because of violations of human rights by President Idi Amin's Government. The vote came on an amendment to a Bill which is not likely to be passed until next week.

Soccer ruling

Theresa Bennett, 12, will never play soccer for her local junior football club. Appeal court judges ruled yesterday that football did not come within the scope of the Sex Discrimination Act. Lord Justice Eveleigh said: "The physical attributes of womenkind put them at a disadvantage."

Briefly . . .

Christina Onassis confirmed she is to marry Sergei Kauzov, a former Soviet shipping agency official.

The number of unemployed in industrialised countries is growing by 1,900 a day, says the International Labour Organisation.

This autumn and winter fashion shows have been emphasising skirts, sheer black stockings and four-inch-heel shoes.

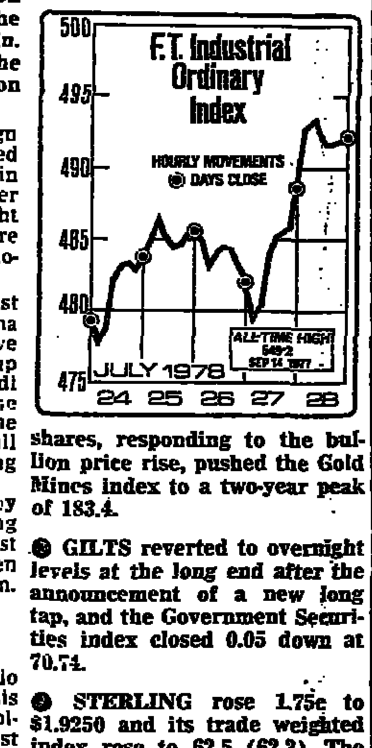
Louise Brown, the world's first test-tube baby, will be gentle, funny, easily swayed and moderately well off, says a leading Thai astrologer.

National Union of Journalists made the Sun strike official last night and agreed that journalists should be allowed to take the dispute to ACAS. Page 4

BUSINESS

Gold mines at two-year high

● EQUITIES advanced on a broad front, with the FT ordinary index 3.2 up at 492.1, its highest since January 6. Gold



shares, responding to the bullion price rise, pushed the Gold Mines index to a two-year peak of 183.4.

● GILTS reverted to overnight levels at the long end after the announcement of a new long tap, and the Government Securities index closed 0.05 down at 70.74.

● STERLING rose 1.75c to \$1.9250 and its trade weighted index rose to 62.5 (62.2). The dollar was weakened on selling from U.S. centres and its depreciation widened to 8.9 per cent (8.6).

● GOLD rose \$7¼ to \$201⅞ in London, while in New York the Comex August settlement price rose \$2.40 to \$200.60.

● WALL STREET closed 5.72 up at 856.29.

● WEST GERMAN Government has announced an economic package worth DM 12.25bn (£3.14bn) for 1979 with the emphasis on cuts in personal taxation and increased family benefits. The Cabinet also agreed a DM 204.6bn budget for next year, an increase of 8.4 per cent on 1978. Page 2

● LOCAL AUTHORITY and central Government spending during 1977-78 remained within the £32.5bn cash limits. The 4 per cent underspending was due to fewer staff than forecast and delays in undertaking capital expenditure, the Treasury said. Page 3

● SALARIES for MPs and Ministers for the coming year are to be referred to the Top Salaries Review Board, which will almost certainly result in the recommendation of rises above the Government's 5 per cent under Phase Four. Page 3

● CIVIL SERVANTS' industrial dispute, which has affected Britain's key Polaris bases and threatens to spread to other defence establishments, could be averted if a peace formula worked out by Ministers and union leaders is accepted. Back Page

● GUARDIAN ROYAL Exchange and Reed International have announced moves to reduce their interests in South Africa. Back Page

● BURMAH Oil's application for the release by the Bank of England of secret documents it considers important to a £500m action for the return of Burmah's BP shareholding has been rejected in the High Court on the grounds that they were high level policy documents. Page 3

● MULLARD, the UK's only surviving colour TV tubes manufacturer and a subsidiary of Philips, is to invest £24m in the next three years in the manufacture of 20 and 22 inch colour tubes. Page 18

● WEST GERMAN industrial company Preussag has acquired a controlling interest in the UK metal trading and tin smelting group Amalgamated Metal Corporation from the Dutch mining company Patino. Back Page

● PRICE COMMISSION has been asked by the Department of Trade to investigate the charges made by managers of unit trusts. Back Page.

EEC challenge to British aid for offshore suppliers

BY RAY DAFTER AND GUY DE JONQUIERES

The EEC Commission is planning to challenge several aspects of Britain's North Sea policies, including the activities of a Government agency set up to aid UK suppliers of offshore equipment and services.

An investigation into the Energy Department's Offshore Supplies Office is thought to be in an advanced state. Commission lawyers are convinced that they can demonstrate that the agency is breaking Common Market regulations.

According to Mr. Anthony Wedgwood Benn, Energy Secretary, other policies under Commission investigation are:

● British Gas Corporation's rights as a monopoly buyer of natural gas produced in the UK sector of the North Sea; and

● The Energy Department's requirement that oil produced from the UK Continental Shelf should be landed in Brtain.

The inquiry into the Offshore Supplies Office is furthest advanced. Last year, the commission received complaints from the Danish, West German and Belgian governments alleging that the agency was acting in a way which was discriminatory in favour of British industry.

The main aim of the office is to ensure that British companies are given a "full and fair" opportunity to compete for North Sea work.

The agency's latest report shows that last year the UK industry won a 62 per cent share of the £1.3bn-worth of orders for goods and services.

But within the Commission there has been concern that the office has been applying undue pressure on oil companies to buy from British suppliers.

Within Brusssels it is not expected that action will be taken before October. The Commission is not anxious to become embroiled in a political battle with Mr. Benn, a convinced anti-Marketeer.

On Monday, Mr. Benn will meet trade union representatives from the oil industry to discuss what he considers to be a threat to Britain's North Sea policies.

The meeting will be attended by officers of the Transport and General Workers' Union, the Association of Scientific, Technical and Managerial Staffs, the General and Municipal Workers' Union, the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union.

Mr. Roger Lyons, a national officer of ASTMS, vice-chairman of the chemical unions council and a leading member of the associated oil refineries committee, said yesterday: "The whole UK industrial strategy for oil, gas and petrochemicals has become threatened by these actions."

State participation agreements with North Sea oil companies had provided the "most advanced check on multi-national companies achieved in the developed countries. These are now being challenged by faceless bureaucrats."

Mr. Benn has also spoken out against EEC plans at two recent meetings: a Social Science Research Council energy seminar and — earlier this week — a National Coal Board advanced management course.

Mr. Benn is also angry that Britain's attempts to sign a bilateral nuclear safeguards agreement with Australia for the supply of uranium during the 1980s has been thwarted by the Commission this week.

Still continuing is Britain's disagreement with Brussels over the UK system of interest relief grants provided for domestic suppliers of North Sea oil equipment.

The Commission has been seeking changes in the scheme and Mr. Benn has promised a formal reply by the end of this month.

The relief grants scheme, in force for about five years, provides interest subsidies of 3 per cent on loans to UK suppliers of offshore equipment.

It is understood that the UK Government will suggest that the scheme should be extended to suppliers in other EEC countries.

Government to keep open London Upper Docks

BY IAN HARGREAVES AND PAUL TAYLOR

THE GOVERNMENT has decided not to close any of London's Upper Docks, in spite of a long campaign from the Port of London Authority which argues that closures will lead to financial viability.

Mr. William Rodgers, Transport Secretary, is expected to make this decision known early next week, when he will give details of a financial package designed to save the virtually bankrupt port.

The decision will disappoint Sir John Cuckney, appointed chairman of the authority last year by Mr. Rodgers to steer the port through the crisis. He wanted at least the port's Royal group of docks at Woolwich and Silvertown closed.

The Cabinet's economic and industrial committee has approved Mr. Rodger's decision, which follows warnings from dockers' leaders, East End MPs and others involved in docklands about the danger of a confrontation over closures.

Mr. Rodgers has never taken the threat of a national dock strike very seriously, but has been convinced that change at the overmanned, underproductive upper docks must be gradual.

In his statement next week, he will attempt to build on the dockers' and trade union's offer to improve working practices, by proposing a form of probationary period during which to monitor the port's progress. The threat of closures or removal of Government grants will be in the background if targets are not met.

Details of such a scheme would probably rest with the port authority and the Upper Docks may be set up as a subsidiary company with separate accountability.

The initial cost of the rescue to the Government is expected to be at least £20m. This is the minimum necessary to cover the £16m loss for the port this year and to finance further redundancies.

Sir John has warned that without corrective action and closures, these losses will mount to £80m by 1982.

Mr. Rodgers' decision represents a rapid retreat under political pressure from what he accepts to be industrially and commercially logical.

Shortly after the authority declared its £8m loss for last year, the Prime Minister spoke of the need for a solution based on commercial realism.

But pressures in an election year and the need to maintain good relations with the Transport and General Workers' Union have been influential.

Leaders of the unions have told Mr. Rodgers that they accept that the Upper Docks will continue to lose some of their current 4,500 jobs, but that sudden closure would be strongly resisted.

In the end, the decision looks similar to that of 1976, when the port authority planned to close the Royals, but failed to gain Government support and later settled for a £15m Government-guaranteed loan.

East Europe must repay \$20bn

BY MARY CAMPBELL

EASTERN EUROPEAN countries are having to find nearly \$20bn to repay Western commercial banks this year, while Cuba needs over \$1bn for this purpose — considerably more than its estimated hard currency earnings from exports.

But the East Europeans had unused credit facilities of \$9.6bn and external bank deposits of \$8.3bn to draw on at the end of last year.

These figures emerge from new data published yesterday by the Basle-based Bank for International Settlements.

The bank also, for what is believed to be the first time, gives partial information on deposits which commercial banks receive from individual Middle East countries.

The statistics derive from a survey of the maturities of big commercial banks' international loans which the BIS carried out at the end of last year. It had carried out the same exercise on an experimental basis at the end of 1976 and circulated the results among the commercial banks which supplied the information. The survey will henceforth be published semi-annually.

MIDDLE EAST DEPOSITS WITH INTERNATIONAL BANKS END-1977

	\$bn		\$bn
Iran	6.6	Qatar	0.4
Iraq	4.5	Saudi Arabia	16.3
Kuwait	4.3	UAE	2.2
Libya	2.2	Total	36.5
Oman	0.3	Residual*	20.0

* Mostly deposits with U.S. and Canadian banks, not included in individual country figures.

The figures are to help anticipated potential foreign currency shortages which countries outside the Group of Ten may face.

Thus, in addition to showing the maturities of debt owed by each country to international banks, figures for deposits with the banks and unused credit facilities are also shown.

While detailed comparisons with the previous year's experimental survey cannot be made, the fundamental position of most countries has not changed significantly. In many cases, the size of the foreign debt has grown considerably, but such increases tended to be accompanied by big rises in unused credit facilities or in foreign bank deposits.

Table Page 18

Price of gold tops \$200

BY MICHAEL BLANDEN

THE GOLD PRICE jumped above \$200 an ounce to a record level yesterday on heavy speculative buying as the dollar continued under pressure in the exchange markets.

Gold touched a best level of \$202¼ an ounce, and closed in London dealings at \$201⅞ for a gain of \$7¼ on bte day. The previous highest closing rate was \$195¼, reached in late December 1974 during the wave of enthusiasm about the prospect of heavy buying when U.S. citizens were first allowed to acquire bullion.

The metal has been in strong demand for over a week, mainly as a result of the continuing unrest in the exchange markets associated with the weakness of the U.S. dollar.

The gold price at yesterday's closing level showed a rise of \$9¾ compared with a week earlier, and of \$17¼ compared with its level at the beginning of last week.

The pressure on the dollar was again most evident in relation to the Japanese yen. The yen rose to another post-war record level of Y190.3 to the dollar, compared with Y193.6 the previous day, and at one stage touched Y189.5 to the dollar.

The rise in the yen has continued in spite of heavy intervention to support the dollar in Tokyo, with the Central Bank estimated yesterday to have bought \$240m more after purchases of \$450m in the previous day's exceptionally heavy trading.

The weakness of the dollar has also been manifest against other currencies. Yesterday it dropped to a new low against the Swiss franc at SwFr 1.7470 before closing at SwFr 1.7525.

The weighted average depreciation of the dollar, as calculated by Morgan Guaranty in New York, widened to 8.9 per cent its worst level since March 1975.

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Mining, Page 5

£ in New York

—	July 28	Previous
Spot	\$1.9235-9255	\$1.9100-9110
1 month	0.42-0.36 dis	0.52-0.46 dis
3 months	1.22-1.16 dis	1.25-1.17 dis
12 months	4.30-4.10 dis	4.40-4.26 dis

More holidays are hit by air dispute

BY MICHAEL DONNE IN LONDON AND ROBERT MAUTHNER IN PARIS

AIRPORTS THROUGHOUT the UK and Western Europe were in worse chaos than ever yesterday as the go-slow by French air traffic controllers disrupted air travel over a wide area of the Continent.

At Heathrow, delays ranged up to seven hours, depending on destination, with direct flights across France to Spain the worst affected, and with delays of three to four hours for destinations in Central Europe and the Eastern Mediterranean.

All French air traffic controllers have joined the go-slow begun two weekends ago by controllers in Bordeaux in pursuit of better pay and working conditions.

This weekend is the busiest of the year in the UK and much of Western Europe, with more than 4,000 internal European flights, carrying up to 1m people, scheduled over the three days to Monday morning.

The Bordeaux controllers have been joined by those in Paris, Brest and Aix-en-Provence (for the Marseilles region).

Consequently, all French air-space is restricted. At one point yesterday afternoon, only one flight an hour was being allowed to and from the UK, but that was increased later to four an hour.

French international and domestic air services have also been disrupted.

In the UK yesterday, transatlantic flights were functioning normally. They use the London, Scottish, Shannon and Shanwick Oceanic control zones. UK internal flights and those to and from Scandinavia and Northern Europe were also unaffected.

Gatwick, among other airports, brought in extra staff, seating and catering, but once it was esimated that more then 5,000 hopeful travellers were jamming the airport, and some passengers were in tents on the grass outskirts of the airport.

The delays may get worse today, as aircraft become increasingly out of position, and flight crews run out of legally allowable duty time. The advice from the Civil Aviation Authority and British Airports Authority yesterday was: "If you don't have to travel, stay away from the airports."

The position is also acute for many thousands of holidaymakers returning home who, having been turned out of their hotels, are having to wait at foreign airports for aircraft that may not arrive for hours.

Airlines and tour organisers can do little. Since they do not know when an individual flight is likely to be given a slot by the controllers, it is impossible for them to send passengers home for a few hours.

Would-be cheap Stand-By passengers were still adding to the difficulties at Heathrow yesterday, although less so than earlier in the week. Mostly, airlines were selling available tickets from their town offices rather than the airport.

With many passengers paying additional fares to get guaranteed economy seats on regular flights, few cheap Stand-By seats are available, and on some flights none for days ahead. Many including travellers are consequently being turned away empty-handed, even after queueing at town terminals for a day or more.

On Monday the British Airports Authority is to seek an injunction restraining airlines from selling Stand-By tickets at airports and obliging them to sell only to town ticket offices.

However, many aviation officials believe that tighter control over Stand-By ticket sales may be necessary, even perhaps their suspension for some weeks in the peak period.

● Hundreds of passengers were stranded in Fishguard as Sealink's ferries to Rosslare were again halted by strike action yesterday.

Midland profits drop

BY MICHAEL BLANDEN

MIDLAND BANK yesterday announced that its profits for the first half of the year had dropped by over 14½ per cent compared with the same period of last year.

Concluding the mid-year bank profit season, Midland reported a pre-tax total of £87.5m for the six months. This compared with £90.4m in the second half of last year and with £102.4m in the first half of 1977.

The results disappointed the stock market after the improvement shown on the previous day by Barclays. Midland shares ended with a loss of 13p at 352p, after touching 350p during the day.

The bank reported that the fall in profits was largely attributable to the lower level of UK interest rates and margins, and to rising costs.

Midland has achieved an increase in its share of the lending market, with total loans up by 25-30 per cent over the past year. But this has been partly at the cost of relatively lower margins.

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Details Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...att Devs.	113	+ 6
...keley Hambro	122	+ 6
...rne Hollingsworth	212	+ 15
...ton Estate	109	+ 6
...ton A	140	+ 4
...ett Dickenson	67	+ 6
...y Mail A	342	+ 9
...tronic Rentals	135	+ 5
...ites Prop. Invs.	101	+ 5
...ht Refuelling	183	+ 6
... A	312	+ 8
...	280	+ 7
...na Invs.	80	+ 6
...ock Johnsen	184	+ 6
...nedy Smale	47	+ 13
... Hldgs.	155	+ 7
...hael (J.)	20	+ 7
...s Intnl.	278	+ 10
...rson Longman	260	+ 8
Pilkington	585	+ 20
Ricardo Engineers	206	+ 16
Sainsbury (J.)	226	+ 9
Sutcliffe Speakman	87	+ 9
Thomson Org.	282	+ 6
Tube Invs.	384	+ 8
Victor Products	155	+ 9
Vinten Group	173	+ 23
Watshams	253	+ 28
CCP North Sea	£10½	+ 2¼
Anglo Amer. Gold	£18¾	+ ⅜
Cons. Gold Fields	193	+ 8
Gold Mines Kalgoorlie	62	+ 6
Libanon	604	+ 50
Randfontein	£37⅞	+ 1⅛
West Rand	138	+ 23

FALLS

Brady Inds.	48	− 6
Gen. Eng. (Radcliffe)	12	− 6
Inchcape	370	− 13
Midland Bank	352	− 13
Burmah Oil	68	− 3

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FEATURES

For latest Share Index 'phone 01-246 8026

OVERSEAS NEWS

U.S. consumer price rise takes inflation rate higher

BY DAVID BUCHAN

WASHINGTON, July 28.

INFLATION in the U.S. economy continued unabated in June as consumer prices rose by a seasonally adjusted 0.9 per cent for the third successive month, the Labour Department reported today. This brought the rise in the second quarter of 1978 to 11.4 per cent at an annual rate, up from 9.3 per cent in the first three months.

Mr. William Miller, the chairman of the Federal Reserve, today called the June figure "very disturbing." He told the House Banking Committee that the rate of food price increases—a major factor in inflation all this year—should slacken off in the second half of the year. Nevertheless, he predicted that inflation would continue strongly for the next 12 months.

This week's OECD repor on the U.S. economy singled out inflation as the top priority for the Carter Administration, whose prediction that consumer prices would go up by little more than 7 per cent now looks very optimistic. The Administration has consistently ruled out any resort to compulsory wage and price controls, relying instead on the powers of persuasion of its top inflation fighter, Mr. Robert Strauss.

But the Administration's economic managers have suffered a double disappointment in the past week, with the announcement last Friday that real growth in the second quarter of 1978 was 7.4 per cent at an annual rate, or less than it had hoped for, and with today's consumer price figures fulfilling some of its worst fears about the trend of inflation.

At the same time the Commerce Department announced today that average real spendable earnings fell 0.4 per cent in June, and over the past year by 2.5 per cent.

John Wyles adds from New York: The Federal Reserve Chairman also disclosed today that growth rate targets for the monetary aggregates had not been changed at last week's meeting of the Fed's open market committee.

A month ago this would instantly have raised fears in the credit markets of higher interest rates because money supply growth was well ahead of the Fed's targets. But recent declines, culminating in yesterday's report of a substantial $2.8bn fall in M1 and $1.7bn in the broader M2, make the Fed's targets look more attainable.

M1's rate of growth over the past 52 weeks is now 7.6 per cent compared to a target maximum of 6.5 per cent. Mr. Miller said the Fed had decided against raising the target "in the light of continuing inflationary pressures" but demand for M1 growth in the year ahead "might well be allowed its upper limit."

● THE U.S. second quarter trade deficit measured on a balance of payments basis narrawode to a seasonably adjusted $7.96bn, the commerce department said. The deficit compared with the record quarterly deficit of $11.2bn in the first quarter. The deficit in the second quarter of 1977 was $6.63bn.

Boeing discloses $30m payments

BY JOHN WYLES

NEW YORK, July 28.

DETAILS of payments totalling more than $30m which were made in pursuit of aircraft sales in the Middle East over the last seven years were disclosed by the Boeing company, the U.S. aircraft manufacturer, today.

The disclosures formed part of a settlement with the Securities and exchange Commission which filed a complaint alleging questionable payments by Boeing after investigations lasting nearly three years.

Under the SEC's consent procedures, Boeing neither admits nor denies the charges, but the company agreed to publish details of more than a dozen cases of questionable payments linked to foreign aircraft sales.

The SEC alleged that Boeing started making payments to at least seven individuals connected with foreign Governments "near 1971" and that the payments were continuing to the present. In addition four persons connected with foreign airlines received payments between 1971 and 1975.

The SEC complaint goes on to accuse Boeing of certifying to at least two foreign Governments that it would not pay commissions to any individual when in fact more than $3m was paid.

Since 1971 another $19m has been paid to "various consultants and commission agents" without sufficient records and controls to ensure that the payments were for the purposes indicated, said the SEC.

Details later made public by Boeing all related to sales to Middle Eastern airlines. These included:

● Payment of $3.6m into a Swiss bank account for ultimate release to a Liechtenstein corporation in connection with a $101m sale to a Lebanese airline.

● A deposit of $6.2m in a Swiss bank in connection with $103m of sales to the Syrian Government's airline. The payment was made 'at the request of and presumably for the benefit of the individual who arranged the financing for the purchaser who was described by Boeing as "a businessman who also serves as an official of the United Arab Emirates."

● Commissions of more than $15m were paid in Saudi Arabia over a seven-year period on sales of $234m. Two consultants who assisted in Boeing sales received about $1m of the total. The balance of the commissions was paid to "corporate entities in which these individuals apparently have beneficial positions." Boeing said a Saudi Government official had advised it that the use of consultants did not violate any local law.

● Some $7.3m was paid in Iran to a Boeing consultant "who for a number of years was related by marriage to a member of the royal family."

Citibank transactions defended

BY DAVID LASCELLES

NEW YORK, July 28.

CITIBANK, New York's largest commercial bank, which is undergoing SEC investigation for possible irregularities in its foreign exchange dealings, today took the unusual step of publishing an internal memorandum in order to clarify its position.

The memo is from Mr. Thomas Theobald, executive vice-president of the bank's international banking group, and is addressed to all officers.

It relates specifically to charges by Mr. David Edwards, a former employee, who is suing the bank for wrongful dismissal, allegedly because he uncovered what he believed to be an illegal system of "parking" funds. He charges that Citibank shifted funds out of European branches to avoid taxes, and into the Bahamas, which is a tax haven. He then charges that Citibank moved these funds back to its European offices at a different rate of exchange, and entered them in separate books.

His charges are believed to lie behind the SEC investigation.

Mr. Theobald says in his memo that under its profit reporting system, Citibank treats the pool rate cost of funds and the allocation of many overhead and operating expenses totally independently of financial and tax accounting. The pool rate cost of funds is an internal figure used to determine profit and loss on movements of funds

"All large organisations operate essentially this way," he says. However, Mr. Edwards' charges "intentionally mix and confuse the two accounting systems," he goes on. "Citicorp makes every effort to ensure that its financial results as audited and published, and its tax returns as filed with appropriate authorities, are prepared in accordance with accepted accounting principles and are the ultimate books of account for those purposes."

Citibank also defined "parking" today as the common practice among banks operating in countries which limit foreign currency holdings of selling excess holdings to affiliates in other countries where no such limits exist. Citibank says these transactions are conducted at market rates. However, the substance of Mr. Edwards' charges is that Citibank's European branches sold to the Nassau branch at less than market rates in order to register a loss.

South Africa firm on Namibia

BY OUR OWN CORRESPONDENT

CAPE TOWN, July 28.

MR. JOHN VORSTER, the South African Prime Minister, said today that Walvis Bay remained South African territory and no decision of the United Nations or any other body could deprive the republic of its possession.

He was referring to the four-point resolution adopted by the Security Council yesterday which commits the world body to post-independence steps to assist a Namibian Government to take transfer of the vital port. Mr. Vorster said only a decision of the South African parliament could alter the status and ownership of the territory.

"Therefore, the decision of the Security Council has no force of law and the Government cannot allow that it be dictated to as to what it should do with its property or how it should control or administer it. To negotiate with a friendly government in South West Africa on the harbour and its use is one matter and speaks for itself, but to make demands and to link these demands with a settlement in South West Africa is a different matter which is unconditionally rejected by the Government.

"The Minister of Foreign Affairs will return to South Africa over the weekend and the cabinet will discuss the entire matter at its meeting next Tuesday. Any further comment on the plan or its implementation will therefore serve no useful purpose at this stage," Mr. Vorster said.

Western diplomatic sources here are encouraged by Mr. Vorster's response, for although it reflects a measure of embarrassment and indignation at the Walvis Bay resolution, it is nevertheless clear that the South African Government understands that the two resolutions are separate issues. In view of this fact, South Africa had no room to go back on its April 25 acceptance of settlement proposals which do not even refer to Walvis Bay.

The fact that South Africa rejects the Walvis Bay resolution, which is now a formal working instrument of the Security Council, should not obscure the fact that the South African Government is firmly locked in with the international community's undertaking to supervise and control Namibia's progress to self-determination and indepencence.

Explosion rips Iraq envoy's car in London

By Our Foreign Staff

A BOMB exploded under the car of the Iraqi ambassador to Britain in London yesterday, shortly before he was due to drive away in it. A woman was seen to throw what appeared to be a hand grenade under the rear of the car outside the Iraqi embassy in Queen's Gate. The car was not badly damaged.

Immediately after the explosion a woman was stopped by passers-by and was last night helping police with their inquiries. Two to three men were also thought to have been involved in the explosion and were being hunted by police. Two people were taken to hospital after the explosion.

The explosion occurred just before the Iraqi ambassador, Mr. Taha Ahmed al-Dawood, was about to leave for Heathrow airport to take up a new appointment in Saudi Arabia. According to an embassy official he was delayed from leaving the embassy by a telephone call which came as he was saying farewell to his staff.

Commander Jim Neville, head of Scotland Yard's anti-terrorist squad, said that he was not linking the bomb attack with Britain's expulsion of 11 Iraqis, including eight diplomats, on Wednesday.

The British authorities, which claimed that the expelled Iraqis were intelligence officers, are known to be concerned about the spill-over of inter-Arab feuding into acts of violence on the streets of London. Earlier this month a former Iraqi Prime Minister was assassinated outside the Intercontinental Hotel in Park Lane.

Cuba replies to critics at summit

By Aleksandar Lebl

BELGRADE, July 28.

CUBA LAUNCHED a counter-offensive here today at the ministerial conference of the non-aligned countries. The Cuban Foreign Minister, Sen. Isidoro Malmierca, said that after the fifth non-aligned summit at Colombo in 1976 a coalition of reactionary forces had been formed which has been trying to divide the non-aligned countries and separate them from their friends, by which he obviously meant the Soviet Union and other Eastern bloc countries.

Sen. Malmierca said that to be opposed to the division into military blocs did not mean equating the U.S. and the USSR, and he produced a long list of American wrong doings and of the Soviet help to the non-aligned countries. Cuba was against confusing friends and enemies, he said.

Defence budget will keep to limit in Japan

By Charles Smith

TOKYO, July 28.

JAPAN'S Defence Agency (equivalent of Defence Ministry) would like to interpret the Government's commitment to keep defence spending below 1 per cent of GNP "for the time being" to mean "as short a time as possible," its Vice Minister, Mr. Ko Maruyama, told the Financial Times today.

He added, however, that the Ministry of Finance is determined to maintain the 1 per cent limit for as long as possible. Mr. Maruyama also said that the procurement programme, under which the self-defence forces are to acquire 45 P-3C anti-submarine patrol aircraft and 100 F-15 fighters over the next several years, could be carried through without breaching the 1 per cent ceiling.

Earlier today the Cabinet formally approved the Defence White Paper for 1978.

BONN ECONOMIC PACKAGE

Concession to Schmidt's partners

BY ADRIAN DICKS

BONN, July 28.

THE WEST GERMAN Government's DM12.25bn package of stimulatory measures, with which Chancellor Helmut Schmidt said today he was "extraordinarily pleased,' appears in political terms to be a considerable concession by the Chancellor's Social Democrats to their beleagured junior coalition partners, the Free Democrats.

Out of the DM12.25bn total, tax cuts for individuals or direct payments to families represent all but about DM1bn, according to figures issued by the Finance Ministry this evenig.

Both partners stand to gain, however, if the new measures are seen by the electorate as meeting some of the dissatisfaction with the present tax structure that led to the FDP's humiliation at the hands of protest groups in last month's Hamburg and Lower Saxony state elections.

The test of acceptability will come soon enough, at the Hesse and Bavaria state elections in October, which are being widely forecast as the survival test both of the Free Democrats as a party and of the Bonn coalition.

In economic terms, the package should please those (like President Carter's advisers) who hope for a higher multiplier effect from tax cuts than could be expected from putting the main emphasis on increased public spending.

As had been widely anticipated, the main measures being sent to the Bundestag with a request for implementaiton between next month and the middle of next year are:

● Adjustment of the present income tax scales so as to smooth out the jump from 22 per cent to 30.8 per cent which now hits incomes above DM16,000 for single people.

● Raising of the basic tax-free allowance by DM390 a year to DM3,690 for single people.

● Introduction of a DM9,000 tax free allowance for divorced people supporting families.

● Raising o f child allowances by DM45 a month for the third and subsequent children to DM195.

● Lowering of the voluntary retirement age for handicapped workers.

● Extension by four months to a total of six months of maternity leave, plus payment during this period of a DM750 a month allowance.

● Additional spending on research and development worth about DM900m in 1979 and the same amount in 1980.

● Additional spending of DM100m in special stimulatory measures for West Berlin.

Besides these measures, which will according to Herr Schmidt make themselves felt in an enhanced Gross National Product performance in 1979, three additional steps are to be introduced in January, 1980:

● The raising of child allowances for the second child by DM 20 a month to DM 100.

● The abolition of the payroll tax, a step which the Chancellor said would have a direct effect on the readiness of business to employ more people and would cut business taxes by DM 2.3bn in 1980. Here an accommodation with the states and local authorities which collect the tax will be needed.

● An increase in the tax-free allowance on the business revenue tax, a step also intended to help smaller businesses and independent craftsmen.

Herr Schmidt and Herr Hans-Dietrich Genscher, the FDP leader, both expressed satisfaction with the outcome of the package, and the Chancellor played down the reservations that might be expected from within the ranks of his own party at the absence of more direct spending measures.

Reserve role for German Mark

BY GUY HAWTIN

FRANKFURT, July 28.

THE D-MARK has replaced sterling as the world's second reserve currency, despite the fact that the Federal Government and the Bundesbank have consistently rejected such a role for the West German currency. This is the burthen of a report published in a newsletter issued by one of the Federal Republic's leading banks.

Although the article is diplomatically entitled "Deutschemark: A reserve currency?", figures produced in the report, based on International Monetary Fund statistics and the bank's own records, show that from 1970 to 1977 even countries in the sterling area have switched from the pound into dollars and D-Marks. The conclusion is that, although the role of the dollar as a reserve currency is undiminished, the D-Mark has de facto taken over sterling's role irrespective of the desires of the federal authorities.

The report, issued under the auspices of Commerzbank—West Germany's third largest commercial bank—shows that in 1970 world foreign exchange reserves stood at $35.6bn. Of this figure some 80.9 per cent was held in U.S. dollars, 9 per cent was in sterling and 2.1 per cent was in D-Marks.

By 1977, however, world foreign exchange reserves had risen to U.S.$173.1bn, but the composition of the holdings had changed substantially. While some 81.2 per cent was held in U.S. dollars, the proportion in sterling had declined to a mere 1.5 per cent, while the proportion in D-Marks had risen to 6.9 per cent.

In cash terms the amount of world foreign exchange reserves held in sterling declined from U.S.$3.23bn to U.S.$2.6bn. At the same time the amount held in D-Marks rose from U.S.$747.6m to U.S.$11.94bn.

According to the report, more than 75 per cent of the world's official currency reserves is held in foreign exchange, while 13.5 per cent consists of gold, although the proportion in gold would be much higher if the central banks based it on the current market price. By far the major part of the reserves consist of dollars, but "despite the considerable setbacks suffered by the dollar in recent years, the dollar has lost none of its significance as leading reserve currency."

Countries that are members of the European "snake" have by far the biggest part of their reserves in dollars—95 per cent at the end of 1977. Their holdings in Deutsch marks amount to only 1.3 per cent of the total. However, the report points out that 75 per cent of total foreign exchange reserves held by "snake" members belongs to Germany and other members states keep well over 5 per cent of their reserves in D-Marks.

Lisbon seeks new Government

BY OUR OWN CORRESPONDENT

LISBON, July 28.

PORTUGUESE President Antonio Ramalho Eanes began the search today for a new Government following his dismissal of Socialist Prime Minister Mario Soares's Cabinet last night.

Talks with all political leaders and other interested parties were scheduled and it seemed likely that the search would be a protracted one not made any quicker by the soaring summer temperatures which have tranquilised the population.

General elections—two years ahead of time—are still possible, but observers believe that Portugal's politicians are having second thoughts about a vote because of the damage it would do to financial stability and economic recovery.

If a ballot were called it could not be held before January because a new electoral law has to be passed and a vote registration carried out.

In the interim six months many vital economic decisions would have to be deferred including the start of negotiations for entry to the European Economic Community due to open in October.

Although there was an initial clash of views on the constitutional position of the dismissed government, a softened stand by Sr. Soares seems to have averted this particular difficulty.

Originally when President Eanes dismissed Sr. Soares and his Cabinet he said they would remain in an interim capacity until a new goveroment could be chosen.

Sr. Soares immediately opposed this view saying his interpretation was that his government no longer had power and his Ministers would not report for work.

However during the day Sr Soares modified his line reportedly saying he did not want to be obstructive and has agreed to keep the administrative machine ticking over. Thus what looked like a power vacuum at first first now seems to have been resolved.

EEC criticises UK over fishing

BY MARGARET VAN HATTEM

BRUSSELS, July 28.

THE EEC COMMISSION today censured national fisheries' conservation measures introduced by Britain a month ago.

In a letter to the British Government, Mr. Finn Olav Gundelach, the Agriculture and Fisheries' Commissioner, said that the Commission could not approve the two measures already in effect, and that the other two should be discussed further in the Council of Ministers. The Commission felt all four points should be solved on a Community basis, he added.

The measures in question include a ban on herring fishing off most of the west coast of Scotland and a reduction of the maximum allowable bycatch of protected species in small mesh fisheries—both of which took effect immediately — together with a two degree eastward extension of the Norway pout box, an area where industrial fishing is banned, and the introduction of a 70 mm minimum mesh net for scampi fishing, due to take effect later this year.

Under the terms of The Hague Agreement of October, 1976, these national measures would be permissible, provided they were found to be urgent, necessary, and non-discriminatory and providing the Commission's approval were formally sought (though a reply is not needed).

Mr. Gundelach indicated today that the herring ban, which commits Scottish fishermen to continue catching herring in the Clyde estuary, may be discriminatory, since it gives them sole access to herring from banned areas, which periodically swim into the Clyde.

He also said that the ruling on bycatches had been adopted by the eight other states last January when, at a meeting in Berlin boycotted by Britain, they concluded a "gentlemen's agreement" to observe the Commission's fisheries quota and conservation proposals for 1978.

Since all were agreed, there was no reason why this should not now be adopted as a Community measure, he said.

Iran oil talks to resume

BY ANDREW WHITLEY

WHAT IS expected to be the decisive and last round of talks on a new long-term oil liftings agreement between Iran and Iran Oil Participants, the 14-member consortium led by BP, opens here in Tehran tomorrow.

After a three-week break, both sides express increasing confidence that this fifth round will produce an agreement satisfying their very different priorities. It is expected to contain detailed commitments by the consortium for the current year, within the framework of a long-term arrangement to 1993.

Diplomatic sources agree that a central factor will be the purchase of an average 3.3m barrels a day this year. As the average in the first five months has been running at only 2.9m b/d, such a commitment would mean boosting the daily average in the seven remaining months to 3.6m b/d — an extra 150m barrels in total, costing over $1.9bn.

Iran desperately needs to bring oil exports up to budgeted levels.

Ethiopians claim new success

Ethiopian forces have scored another major success in their offensive against guerrillas in Eritrea by breaking the ten-month-old siege of Asmara, the provincial capital, according to an Ethiopian Government statement, Our Foreign Staff report.

Troops who had earlier cleared the main Addis Ababa to Asmara road met up with forces heading south from Asmara on Thursday, the Government said. The link-up took place at Debarwa village, just outside the beleaguered capital which had a peacetime population of about 200,000.

The six-week long Ethiopian offensive to recapture Eritrea, most of which has been occupied by forces of two guerrilla movements, is now close to the heart of the highland region of the province. The important road junction town of Tessenei on the Sudanese border and the seaport of Massawa have also been recaptured from the guerrillas, Ethiopia says.

A spokesman for the EPLF said today that it was withdrawing from certain defensive positions to increase its offensive capacity against Ethiopian Government forces, but denied it had lost any ground on the battlefield.

Spokesmen for the other Eritrean group, the ELF, concede that Ethiopian Government forces have captured the cities of Tessenei and Mandefera, and there are reliable reports that the Government is now moving against the ELF-held town of Agordat. Agordat is the sole large town or city remaining in ELF hands.

The EPLF spokesman denied Ethiopian claims that the Government had retaken Massawa or reopened the highway from Central Ethiopia to Asmara.

Atherton to Cairo

Roving U.S. envoy Alfred Atherton arrived in Cairo to try to persuade Egypt to have another round of peace talks with Israel. But the price for further negotiations seemed likely to be the United States tabling its own proposals for a Middle East settlement, Reuter reports from Cairo.

Tanker spill damage

The extent of devastation wrought by the world's worst oil spill—the grounding of the supertanker Amoco Cadiz off Brittany in March—will not be known for years, according to a group of U.S. Government scientists. Most of the 220,000 tonnes of crude oil lost from the tanker sank to the bottom of the sea, producing abnormally high concentrations of hydocarbons in the ocean sediment which destroyed the marine worms eaten by fish, the group said, according to Reuter.

Dutch building fraud

Inspectors investigating social insurance and tax frauds in the Dutch building industry say they have encountered "Mafia-like" conditions, Charles Batchelor reports from Amsterdam. Investigators from the Building Industry Social Fund, a semi-Government agency which administers social security legislation in the industry, have been threatened and firearms have been discovered in searches, according to the agency's director.

Walvis Bay: fishmeal and the legacy of a colonial past

BY JOHN STEWART IN CAPE TOWN

THE international dispute over Walvis Bay, the 600 square mile South African enclave in Namibia, is a legacy of the colonial scramble for Africa. In this case, Queen Victoria's ever-alert Colonial Office stole a march on Bismarck, a reluctant coloniser, by securing what is the only suitable deep water harbour on the West African coast between Benguela and Cape Town.

Even among colonial oddities it is an anachronism and can, strictly speaking, not be compared with any of the seemingly parallel situations that are or were scattered around the globe such as Hong Kong, Gibraltar, Guantanamo, Panama, Djibouti, and Aden.

Walvis Bay (so named after the whales that used to abound there) is a relic of the conscientious, if impotent, labours of William Coates Palgrave, the Cape colonial government's special commissioner for South West Africa, who devoted all his time between 1872 and 1878 to peace-keeping among the warring Namas and Hereros, at the same time trying to make out a case for annexation of South West Africa by the British Government. In spite of cogent reasoning to the Cape colonial office—annexation would halt the southwards march of the Portuguese colonists from Angola, and it would pre-empt Germany's colonial intentions—the Cape government, on advice from Whitehall, decided against adding yet another colony to its imposing portfolio. It did the next best thing and secured the strategic port for Britain. Later it passed to the Cape Government and finally to South Africa.

The British decision not to annex South West Africa was something of a blow to Chief Maherero of the powerful Herero tribe who had hoped to do well out of protection treaties with the British. He commented: "The British flag flew here. It waved this way and that; we attached ourselves to it, and we were waved backwards and forwards with it."

Had history played her cards a little differently in 1878 it is certain that the present dispute would never have arisen.

Walvis Bay is the town that fish built, and the pungent smell that wafts inland from the fishmeal reduction plants is, all things considered, the smell of money.

The town is laid out upon the Namib desert like a child's free-hold outline of a hop-scotch court, the numbered streets in geometric squares, with rows upon rows of dust-coloured, box-like houses, most of which have canvas roofs because it never rains and tin roofs corrode within a year.

The population is about 25,000, about one-third of whom are white. On the flat, featureless desert, the market value of prime residential locations is determined not by close proximity to schools, woodland parks, rivers or hills, but by position in relation to the fish processing plants of which there are about a dozen. Upwind of the prevailing south-wester secures the best prices. It so happens that such a situation is also furthest from the African and coloured residential areas.

The prospect of continued South African administration of the enclave after Namibian independence has generated a great deal of tension among African and coloured people — and even a few whites. Until about two years ago when the South African Government began to dismantle the most crassly offensive aspects of apartheid in Namibia, Walvis Bay had never experienced anything but a rigidly segregated way of life. The abolition of laws forbidding mixed marriages and physical love across the colour line, as well as other measures which had the effect of reducing racial mixing, resulted in a marked improvement of the quality of life of most people.

The statutory reincorporation of the port into South Africa earlier this year when it formally became part of the Cape Province once again brought with it the return of the spectre of apartheid.

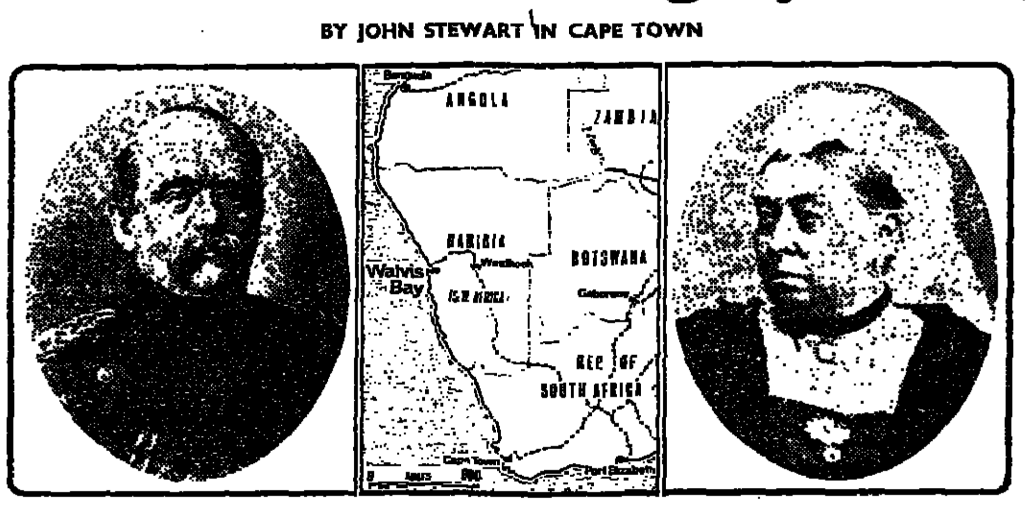
There are other preoccupations. Taxpayers dread the prospect of having to pay South African rates of taxes which are about 25 per cent higher than existing special rates in Namibia. Public house operators fear that South African race and liquor laws will be bad for business. The port's substantial corps of hookers fears the same thing.

The view of the African nationalist organisation, SWAPO, is best summed up by Mr. Daniel Tjongarero, a member of the party leadership executive: "Namibians cannot be bound by colonial treaties from the 1880s of which they had no part. South Africa's claim for the port is an expansionist venture and it could be used as a base for possible aggression against Namibia under SWAPO leadership.

Political gloom in the town is deepened by the strong possibility that its main pillar of prosperity, inshore fishing, is in danger of collapse.

To offset the economic consequences of such an event, and in an effort to dilute the bitterness engendered by the political dispute over the enclave, the local town council is enthusiastically sponsoring proposals to have the area declared a free port/duty free zone.

They dream of another Hong Kong, an export processing zone, with road and rail links into the interior, to Botswana, Rhodesia, Zambia and Zaire. The main advantage of a free port, they say, is that merchants will be able to import, store and process goods for re-export free of duty and import controls. Not only will this boost industrial development but the prospect has already been mooted that it could also promote exports to countries officially opposed to trade relations with South Africa.



Bismarck and Queen Victoria: scrambling for Africa.

Eximbank's S. African activity curbed

WASHINGTON, July 28.

THE U.S. House of Representatives today passed a bill restricting the ability of the Export-Import Bank to do business in South Africa.

The bank makes loans and provides loan guarantees and insurance to help finance U.S. export sales. It has not made any South African loans since 1967, but has provided guarantees and insurance.

The bill, approved 314 to 47, increases the bank's worldwide lending authority from $25bn to $40bn. It includes a provision allowing the bank to do business with South African companies who follow fair employment practices observed by many U.S. firms in South Africa.

These practices include non-segregation of all facilities, equal pay to requal work and equal job training and promotion opportunities for all races. The bill specifies that the Secretary of State will have to certify that the South African firms followed these policies Reuter

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HOME NEWS

Belfast car plant plan threatened by U.S. $40m credit

BY DAVID LASCELLES AND KENNETH GOODING

. JOHN DeLOREAN, the U.S. tor entrepreneur who has n negotiating with the rthern Ireland Development ice on the possibility of build- a car plant in Ulster, has ceived $40m in U.S. Govern- nt credit support to build the nt in Puerto Rico.

Ar. DeLorean's office in chigan could offer no mediate clarification as to ether that spelt the end of the rthern Ireland venture. Mr. Lorean was not available.

However, the Northern Ireland velopment Office has by no ans abandoned hope of nning the project for nmurray, on Belfast's thern outskirts and near the dominantly Roman Catholic ates of west Belfast. The area some of Ulster's and the 's highest levels of employment.

The British Government seems ling to contribute up to £60m, about £25,000 a job compared h the usual average of £10,000 job in Ulster, to attract the Lorean scheme.

But the U.S. Department of mmerce, which, with the partment of Agriculture, is aranteeing half the $40m, said expected the Puerto Rican nture to go ahead, probably vards the end of summer.

The Department's loan guaran- s will be used to build the plant at a disused air force se in one of Puerto Rico's most distressed areas. The idea is to create some 2,000 jobs in a region where unemployment is nearly 30 per cent.

Puerto Rico will add $17.7m in loans and a $3m training grant. The DeLorean Motor Company will provide $25m in equity, bringing the total value of the venture to $85.7m.

The 500,000 sq ft plant will produce a sports car known as the DMC-12. Production is expected to start 22 months after the start of construction.

Mr. DeLorean is a former senior executive of General Motors who has been striving for more than three years to start his own motor company.

● UNIPORK, the Ulster bacon and pork produce group, has issued protective notices to its 940 workers because of continuing losses, our Belfast Correspondent reports.

The group, controlled by PMB (Investments), a wholly owned subsidiary of the Northern Ireland Pigs Marketing Board, said it might have to close its two plants in Cookstown, Co. Tyrone and Enniskillen, Co. Fermanagh.

It is seeking Government aid through the Northern Ireland Department of Commerce, possibly for a scaled-down operation. Unipork has told its workers that it had a substantial trading loss in 1977 and was still unprofitable.

Yarn plant closure, Page 4

Extra £90m agreed for shipyard bids

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITAIN HAS won EEC approval to spend a further £90m in subsidising bids from its shipyards for contracts which might otherwise be lost to countries with lower production costs.

But the Commission's agreement, formally reached yesterday by the competition directorate, covers only the period to December 31 of this year, by which time the Commission expects British Shipbuilders to have produced a corporate plan providing for the restructuring of the British industry.

The absence of any such restructuring plan has been behind the long-drawn-out negotiations which preceded yesterday's decision.

The Government has publicly set its face against any planned cut in the industry's capacity, but informally has assured the Commission that the workforce will be reduced and some facilities run down.

The first intervention fund of £65m, announced 18 months ago, is now virtually exhausted, and was used to offer shipowners up to 25 per cent reductions in shipyard's normal prices.

The most interesting point about yesterday's announcement, which has not yet been formally notified to London, is the cut-off date of December 31.

This indicates a continued tough attitude by the Commission towards the flow of funds into the ailing industry and contrasts with the weakness of a recent pronouncement on shipbuilding rationalisation from the Community's Council of Foreign Ministers.

This document demonstrated member-states' inability to agree on co-ordinated restructuring of the industry and was a major retreat from the Commission's hawkish position of a year ago, when it was talking of cutting the industry by 45 per cent within four years.

Veto right

The Commission has retained the right to veto or renegotiate Britain's fund at the end of the year, but EEC officials made it clear yesterday that the £90m is intended to last until March 31, 1979.

This precludes the British Government from attempting during renegotiation to increase the basic sum available.

● Harland and Wolff of Belfast has won an order worth £28m to build two ferries for British Rail Sealink's Dover-Calais route. The contract has been won with the help of the Government's shipbuilding intervention fund.

This is the first time the fund, of which the Northern Ireland office administers a separate offshoot, has been used to offer a cut-price deal to another UK nationalised industry.

The fact that EEC approval has been required for this latest subvention is believed to have caused the delay in signing the contract, the investment for which was approved by the Government early this year.

● The Defence Ministry has placed an order with Vickers Shipbuilding Group for construction of the 14th nuclear-powered Fleet submarine, worth about £50m.

The submarine will be the second in the new Trafalgar Class, the first of which was ordered last September.

These submarines will have advanced equipment, long endurance, high speed and the ability to operate at depths which will enable them to be highly effective in their primary role of hunting enemy submarines and surface ships.

As with previous nuclear-powered submarines, Rolls-Royce and Associates will have special responsibility for the design and procurement of the nuclear reactor plant equipment.

Burmah loses fight for papers

BY MARGARET REID

A HIGH COURT judge yesterday rejected an application by Burmah Oil for the release by the Bank of England of 62 secret documents. Burmah believes the documents are important to its £500m action against the Bank for the return of its former shareholding in British Petroleum.

Mr. Justice Foster ruled that the documents, which include communications to and from Ministers during the Bank's rescue moves for Burmah in that company's financial crisis in late-1974 and early-1975, were high level policy documents.

"It is necessary for the proper functioning of the public service that they should be withheld," he said.

Crown privilege had been claimed by the Treasury for the non-production of the documents. Burmah's application was opposed by Mr. John Vinelott, QC for the Attorney-General on the ground that disclosure was not in the public interest.

The judge granted Burmah leave to appeal against his decision. Costs of the hearing were awarded to the Crown and the Bank of England against Burmah.

Giving judgment, the judge said that the Bank, from the first approach to it about Burmah's difficulties, acted in close contact with, and under the direction of, the Government.

The disputed documents related to negotiations which resulted in the agreement of January 23, 1975 between Burmah and the Bank, under which Burmah's BP shares were bought by the Bank for £179m. It was that agreement which Burmah was seeking to have set aside.

Last October, Mr. Joel Barnett, Chief Secretary to the Treasury, signed the "no disclosure" certificate which led to the present proceedings.

The judge said: "If Burmah had in late-1974 or early-1975 collapsed financially, the consequences to the stability of the pound and the Government's North Sea oil policy were incalculable and might have been catastrophic.

"The decision by the Government to spend public money in assisting a large commercial company to avoid collapse was a decision at the highest Governmental level."

Top salaries body may recommend more pay for MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LEVEL of salaries for MPs and Ministers during the coming year is to be referred to Lord Boyle's Top Salaries Review Board. The move will almost certainly result in rises being recommended in excess of the Government's 5 per cent Phase Four guidelines.

The decision was announced in the Commons yesterday by Mr. Michael Foot, Leader of the House, and Mr. William Price, Parliamentary Secretary to the Privy Council Office, when MPs approved orders giving themselves and Ministers a Phase Three 10 per cent increase in salaries.

The recommendation that the Board should consider a Phase Four increase has been made in response to heavy pressure from MPs for further rises to keep them abreast of inflation.

It is intended to avoid the impression that they are all-powerful in deciding their pay. Although the Board has been asked to report as soon as possible, the recommendation would still have to be implemented by a Commons vote that could not be taken until the autumn.

Yesterday neither Mr. Foot nor Mr. Price would promise that they would necessarily accept the board's recommendation.

The board will also be asked to look into the possibility of linking Commons pay to a higher grade of the Civil Service, to avoid the necessity of MPs debating their salaries. It will also look at anomalies in the pension scheme and in allowances.

On past performance, the board is likely to recommend rises well above 5 per cent. In 1975 it proposed that MPs' salaries should be increased to £8,000, which is equivalent to £11,500 at today's prices. Ironically, the Government refused to implement the recommendation.

Mr. Foot said yesterday that he was looking for a "very considerable" improvement in pay and conditions for members.

Under the increases approved yesterday, the salary of a backbench MP will be £6,897 a year. The Prime Minister's salary goes up from £20,000 to £22,000, and that of the Leader of the Opposition from £9,500 to £10,450. Most Cabinet Ministers will be paid £14,300, plus £3,529 of their MP's pay.

War widows safeguarded against pension drop

BY ERIC SHORT

THE GOVERNMENT announced measures yesterday to protect pension levels of war widows from a drop in value next April, when there will be child benefit increases.

Mr. Alfred Morris, Minister for the Disabled, in answer to a Parliamentary question, said that from next April child benefit payments would be increased by £1 a week, to £4 for each child, while social security allowances would be reduced by the same amount and child tax allowances withdrawn.

This would have meant that a war widow paying tax would be worse off. To safeguard her income, the dependency allowance would be increased by 5p next April instead of being reduced by £1.

The net result of this change will be that no war widow paying tax will suffer loss of income, while some will receive an increase of up to 42p a week.

War widows not paying income tax will be £1.05 a week better off. This arises because the child dependency allowances paid to war widows are not taxable.

Export awards for 1979

APPLICATIONS are invited from companies wishing to be considered for The Queen's Awards for Export and Technology, 1979.

Companies should be UK-based and have made outstanding achievements in either exports or technology.

Application forms are available from the Secretary, The Queen's Awards Office, Williams National House, 11-13, Holborn Viaduct, London EC1A 1EL. (Tel. 01-222 2277.) Closing date is October 31.

GEC puts in £100m 'propaganda' bid

BY JOHN LLOYD AND TIM DICKSON

IE GENERAL ELECTRIC mpany has made a bid for the 0m-plus turbine contract for Drax "B" coal-fired power ation in Yorkshire which is bstantially lower than the der by GEC's major competi- in the field, C. A. Parsons. is is now part of Northern gineering Industries.

Parsons has stepped up the opaganda battle between the mpanies by claiming that it pplies the most efficient tur- es in the country's electricity stem.

The General Electric bid stood chance of being accepted and s been turned down by Mr. yn England, the Central Elec- city Generating Board's chair- n. It seems to have been de more to embarrass Parsons d the Generating Board than be seriously considered.

There are two reasons why it virtually impossible for the nerating Board to place the der with GEC.

First, the Government made it ar to the Board that it wanted turbine contract to go to rsons to provide continued ployment at the company's neside plant.

Second, Drax "A" Station has ree 660-megawatt turbines pplied by Parsons, and it is common practice to repeat the design in the "B" Station.

The price Parsons put on the order is thought to be about £135m, which is £10m more than the Board budgeted for. The GEC figure is thought to be substantially below both the Parsons bid and the Generating Board's budgeted figure.

General Electric is to get about £30m-worth of orders within the overall turbine contract for the supply of feed-heating systems, manufactured at the company's plant at Larne, Northern Ireland. The company made no comment yesterday on its bid for the entire order.

A year ago Government plans to merge the turbine generator divisions of GEC with Parsons foundered after Parsons successfully opposed what it saw as a takeover by GEC.

The campaign was an extremely bitter one, and relations have been frosty ever since.

Parsons said yesterday that generators designed and made at their Heaton factory in Newcastle upon Tyne took the first six places in an "efficiency" league published by the Generating Board.

The power stations having these generators are Rugeley, Fairley, Radcliffe, Drax, Pembroke and Ferrybridge.

Staffing and work key to spending shortfall

By David Freud

THE MAIN reasons for public sector underspending against Government cash limits in the last financial year were fewer staff than forecast and slippage of capital work, the Treasury said yesterday.

Provisional figures contained in a Government White Paper show that the shortfall in spending amounted to 4 per cent over all the expenditure controlled by cash limits. This was close to the 1976/77 shortfall.

Cash limits were first introduced in the 1976/77 financial year to control non-demand related spending by both central government departments and local authorities.

Last year, limits were set on £32.5bn of expenditure, some two-thirds of public spending.

Out of 126 separate cash blocks, *there was only one case* of overspending. In many cases, the level of underspend exceeded 10 per cent, especially among cash blocks totalling £100m or less.

The single exception was in the block for capital expenditure by local authorities in Scotland on school buildings. This exceeded its £67.9m cash limit by £0.5m and Treasury inquiries into this relatively small excess are continuing.

Evidence

The out-turn on the three biggest cash blocks were all within 1.5 per cent of the limits, with a shortfall of only £7m on the rate support grant £6.5bn block, £86m on the £6.4bn defence budget and £24m on the £4.4bn health and social services block.

The Treasury gave evidence to Commons Select Committees earlier this year on reasons for the underspending. It said that when expenditure was controlled within prescribed limits, there was a tendency for the total out-turn to fall below the total of the limits.

Other factors in 1977-78 were that general administrative expenditure rose less than foreseen, while there were recruitment difficulties and economies in administration.

The Treasury analysis of the 1977-78 provisional out-turn showed that the larger the block, the closer spending was to the limit.

Cash Limits 1977-78 Provisional Out-turn. SO Cmnd. 7295, 40p.

Price Commission to check proposed rise on cigarettes

BY DAVID CHURCHILL

PRICE RISES of 2p on a packet of 20 cigarettes are being sought by Imperial Tobacco for some John Player and Embassy brands, which account for more than half the UK market.

The Price Commission said yesterday that it intended to investigate the increases. The investigation is expected to last three months.

Imperial Tobacco said last night that it was considering whether to seek an interim price rise pending the outcome.

The company, part of the Imperial Group, had sought Price Commission approval for a weighted average price rise of £0.7295 per 1,000 cigarettes, including duty. This would mean rises of about 2p per 20 cigarettes on some brands.

Among brands sold by Imperial Tobacco are John Player and Sons' No. 6, No. 10, and King size brands, and W. D. and H. O. Wills Embassy brands.

The commission said yesterday that it would investigate the pricing policy of Rizla, which sells cigarette-making products such as paper and rolling machines.

Imperial Tobacco's decision to seek price rises indicates that the cigarette price war of the past few years may be coming to an end.

Last month, Carreras Rothmans announced rises of between 1p and 2p on its Piccadilly and Dunhill brands.

But British American Tobacco's entry into the UK market earlier this year with its State Express 555 brand—deliberately sold at a low price to gain a foothold in the market—has kept pressure on the other major companies to keep prices down.

Imperial Tobacco said yesterday that rising costs since its price rise in May last year had forced it to seek the increases.

New coal-fired power station urged by Benn

BY JOHN LLOYD

Mr. Anthony Wedgwood Benn, Energy Secretary, has asked the Central Electricity Generating Board to consider building a new coal-fired power station to supply electricity to the South-West of England.

At the same time, the subsidy to coal burned in Welsh power stations is being extended until October.

It is thought possible that a new coal-fired station built in Wales could supply power through a submarine cable to the South-West.

Mr. Benn's pressure on the generating Board follows his refusal to approve investment for an oil-fired station at Inswork Point, near Plymouth. The Board is now examining a variety of alternatives for the area.

However, it is now certain that extra power will have to be brought into the area by overhead transmission lines by 1986.

It is now too late for this power to be supplied by a power station, and it is expected that there will be a critical shortage of supply by that time.

The Board has already examined the possibility of a coal-fired station in the area, and rejected it as being uneconomic.

It favours a nuclear power station near Exeter for extra power in the longer term. Electricity demand in the South-West has been growing at a faster rate than elsewhere.

The prospect of building a coal-fired station in South Wales to supply Devon and Cornwall is not a solution which at present commands much enthusiasm within the generating Board.

However, if coal is made attractive enough in price, it may become a realistic alternative.

Antique timepieces fetch £165,000 at Sotheby's

BY PAMELA JUDGE

LOCKS, WATCHES and scien- ic instruments sold through theby's in London yesterday de £165,278.

R. A. Lee successfully bid 500 for an ebony-veneered arter-repeating alarm bracket ck signed Danl. Delander ndon, and a similar price was id by Bobinet for a heavy gold nting cased minute repeating ckwatch with perpetual calen- r and chronograph.

In the morning Sotheby's also ld English furniture for a total £77,787. A Tabriz carpet made 000. In the afternoon, the nount paid for dolls was 2,698. A Steiner bisque model tched £820.

The final total for the two-day le of printed books at theby's, Chancery Lane, was 2,932 with £16,644 the figure r yesterday. A collection of ssion and law papers relating to Scotland (1766-1832) went to a German dealer for £1,200.

Old Masters at Christie's included a picture of sheep and a peasant in a landscape, possibly by van de Velde, which went for £8,500, in a sale which achieved £140,870. Christie's South Kensington, sold printed books for a total of £20,475, including a first edition of Jane Austen's Sense and Sensibility at £4,800.

At Phillips, silver made £31,554, including £720 for a pair of George III sauceboats. Stamps totalled £22,150.

SALEROOM

PAMELA JUDGE

Bank charges

MR. ROY HATTERSLEY, the Prices Secretary, hopes to make a statement "in the next few weeks" on the Price Commission's recommendations in its report on bank charges, the Commons was told in a written answer.

Freight subsidy planned

MR. BRUCE MILLAN, Secretary for Scotland, has submitted proposals to the Orkney and Shetland Islands councils with a view to lessening the effects of freight charges on the islands' economy.

Government aid may consist of financial support and assistance for the main arterial services. Mr. Jo Grimond, Liberal MP for the islands, has been pressing the Government for concessions.

It is understood that Mr. Millan's latest proposals involve a possible freight charge reduction to 33⅓ per cent for livestock and 50 per cent for manufactured goods.

Mr. Grimond said "As I understand it, the Exchequer would pay a subsidy, not the local authority. At this stage these are only proposals, subject to discussion, but it is a very great step forward."

U.K. to discuss oil exchange

BY RAY PERMAN

TALKS WILL start early next year to arrange an exchange of crude oils between British and Venezuelan national oil companies.

Preliminary discussions have already been held when Lord Kearton, chairman, and other officials of the British National Oil Corporation, visited South America earlier this year.

Venezuela produces mainly heavy crude, suitable for refining into fuel oils but unsuitable, without considerable processing, for conversion to light products, such as petrol.

Although the country is among the world's biggest exporters of crude, it is unable to meet the rapid increase in its own demand for light oil products, and could be importing these within 18 months.

The Venezuelans have indicated that an exchange with Britain would be a satisfactory way to meet this problem.

Lord Kearton said yesterday that the Oil Corporation saw advantages to itself, both in being able to offer different types of crude oil in international trading and in co-operating with another nationalised oil undertaking.

Market

The Government also feels that such a swop would smooth the way towards a greater flow of trade between the two countries.

UK suppliers of equipment and services to the oil industry are looking to Venezuela as a potential export market.

The Venezuelan deal is only one of about a dozen contracts which the corporation is following up with other national oil companies.

An exchange of technical and economic information could be possible with the Mexican company, Pemex, following Lord Kearton's visit to Mexico last month. Talks are likely to reopen within the next few months with Statoil, the Norwegian state concern, about projects of mutual interest.

Lord Kearton said that in some quarters, co-operation between national oil companies was seen as a means of loosening the "grip of iron" maintained on the industry by the big private multinational corporations. The multinationals saw this as a possible threat.

HOME NEWS

Telephone engineers disrupt business of U.S. bank group

BY MICHAEL BLANDEN

CONTINENTAL ILLINOIS, the Chicago-based banking group, is meeting big obstacles at its new London headquarters as a result of union action.

The Post Office Engineering Union, which is campaigning for a 35-hour week, has blacked work on the building after the bank's new switchboard was connected by a member of the Post Office senior management.

Mr. Kirk Hagan, general manager of the branch in Queen Victoria Street — the former Printing House Square headquarters of The Times newspaper —said yesterday that as a result, dealers had no Reuter monitor on wire services.

The foreign exchange and money market room was operating with only a fraction of the planned number of direct broker lines.

The branch was also having to operate without a direct line for data processing, carried out in Chicago, consequently computer reports came in very late. It was managing with about four-fifths of telephone extensions working.

The branch was able to continue working but was experiencing considerable difficulties and suffering costs directly and as a result of lost business opportunities.

The bank was the victim of the 35-hour week claim and no prospect was seen of an early end to the situation.

The issue arose partly as a result of the urgency of the bank's move to its new European headquarters, since its leases on other London premises were running out, Mr. Hagan said.

The move was originally planned for late June but was delayed as a result of the engineers' industrial action. The Post Office then gave a new date of July 24, and when the bank found that its switchboard had not been connected the job was done by Post Office management. When that was discovered by the union, the bank was blacked.

Home rate for water may be raised

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE THAMES Water Authority proposed yesterday that within three years, there should be a sharp drop in water charges to offices, lower rates for industry and commerce and higher rates for domestic users.

It also proposed that there should be a switch of charges from the highly rated domestic properties to lower-rated premises "to get a more even spread of charges."

Moves in this direction had already started with the introduction of the two-tariff charging structure for householders.

This came into effect in April and imposed a £4 standing charge for sewerage services and a £4 charge for water services, regardless of the rateable value of the house—previously the sole criteria determining water charges.

The changes would mean that a house with a rateable value of £100, which now paid an average £17.60 per year in water charges, would pay £25.75.

"Environmental service costs" covering surface water drainage may also be recovered from all customers as a percentage addition to other charges. This was based on a water authority decision to treat drainage as a "community benefit."

The proposals were outlined in a discussion paper which gave options open to the authority, and others in Britain, to meet the legal requirements of a five-year-old Act of Parliament.

The 1973 Water Act required water authorities to ensure that, from April 1, 1981, water charges did not discriminate against any group of customers.

An equitable system of charging had to be introduced which was related directly to the costs of water services.

Domestic users now accounted for £115m—49 per cent—of the total income received by Thames Water under the two-part tariff. Non domestic users contributed £120m.

The proposed revised structure would move the responsibility for costs heavily towards the domestic users who would contribute £131m—56 per cent—of the total income of the authority.

There would be "significant differences" in the extra amount domestic users would be expected to pay under the proposed structure.

"A significant proportion of total costs would no longer be recovered in proportion to variations in domestic rateable value."

The authority's plans to raise prices by 9.5 per cent from last April were upheld by the Price Commission last month.

The rise was held at 7.2 per cent during the commission's investigation.

Thames Water decided that, although it had permission to go ahead with the difference of 2.3 percentage points, it would wait until next April before raising prices again.

Courtaulds to close Ulster yarn section

BY OUR BELFAST CORRESPONDENT

COURTAULDS proposes to close its Tenasco industrial yarn department at its Carrickfergus plant, Ulster, putting 255 out of work.

Producting of Tenasco, used mainly in the fabric body of vehicle tyres, is to be concentrated at the company's Preston factory, where capacity is three or four times larger than Carrickfergus.

The Ulster plant's labour force woud be cut to about 1,400 by the proposal which is to be discussed with the unions.

Demand for Tenasco has fallen steadily over five years. Courtaulds blamed this on greatly increased tyre life, the increased use of steel in tyres, and the growth of both car and tyre imports.

The decline in sales accelerated sharply in 1977/78, and the first quarter of the present financial year saw a further worsening, it said.

Present and projected sales were barely half the present capacity at Preston. In order not to jeopardise employment at both sites, the company said that it could see no viable alternative to closing the Carrickfergus department.

Some workers would be redeployed within the plant, Courtaulds will co-operate with the Northern Ireland Department of Manpower Services and other local employers to seek alternative work for those made redundant.

British Elfa to provide 220 Ebbw Vale jobs

By Our Welsh Correspondent

THE SWEDISH company Ingenjorsfirma Elfa AB, a member of Rotos Group's wire division, is to establish a factory at Ebbw Vale, the South Wales town hit recently by the closure of its steel plant.

A new company, British Elfa, will take over a Welsh Development Agency factory at Tafarnaubach, near Ebbw Vale, to manufacture coated wire baskets.

The factory is 25,000 sq ft at present, but is to be extended to 80,000 sq ft.

The plant should provide 220 new jobs for Ebbw Vale. About 2,000 steel workers were made redundant in the town as a result of British Steel's decision to end steelmaking there.

Experience

Mr. John Morris, Welsh Secretary, said yesterday that the new company was ideally suited to the area.

The skills and experience of the steel-based work force could be readily adapted to meet the needs of the new industry.

Success with the project had been achieved by close cooperation between the Welsh Office, the Welsh Development Agency, Blaenau Gwent Council and British Steel.

Ashley Ashwood

LEADERS OF the construction industry and its associated professions met Mr. Peter Shore, Secretary for the Environment, yesterday to discuss long-term development prospects and the impact of public expenditure fluctuations on building output.

Mr. Shore, pictured left with some of the "Group of Eight" delegation, assured the industry that construction would in future be considered as a programme in its own right, as were such areas as education or health.

The delegation regarded the pledge as important. The industry hopes that public spending programmes will take more account of their likely effect on construction.

Further discussions with departmental officials are to follow yesterday's meeting. They will cover such topics as methods to stimulate private demand, inner-city land supplies and building regulations and development control.

The "Group of Eight" was established during the depths of the construction recession to present a unified approach to the Government on the part of the entire industry. Apart from seeking a more stable, long-term pattern of work from the public sector, it has repeatedly sought an immediate restoration of some of the spending cuts made over the past two or three years.

Ministers have welcomed the group's formation. In the past they have criticised the industry for being too fragmented and unable to adopt a common approach to its difficulties.

Lloyd's Savonita probe will be delayed

BY JOHN MOORE

THE LLOYD'S of London team inquiry into the Savonita claims dispute involving two of its insurance brokers will not complete its report by next week as originally planned.

Mr. Clifford Clark, the independent chairman of the inquiry team, said yesterday: "We are not talking in term of a delay of months, rather a few weeks."

Part of the delay was due to the holiday period, which had prevented witnesses from attending.

But more significantly, the scope of the inquiry, whose initial terms of reference were to look into and report on all circumstances of the handling of the Savonita claim as they affected Lloyd's, had had to be widened.

"In a matter like this it is bound to spread outside the terms of reference," Mr. Clark said.

The inquiry was set up in April after allegations in the Commons by Mr. Jonathan Aitken, Tory MP for Thanet East, on the setlement of reinsurance claims on 301 Fiat cars damaged on board the cargo ship Savonita.

Pearson Webb Springbett, the brokers involved in the arrangement of reinsurance for the then Fiat-controlled insurance company SIAT, decided not to press the claim in the London market after a loss adjuster's report suggested that it was a doubtful claim.

Pearson Webb was then dismissed as brokers by the Fiat insurance company and replaced by Willis Faber, which it is alleged exerted pressure on the underwriters to settle. Eventually 96 per cent of the claim was paid.

The findings of the inquiry are to be made public.

Oil groups oppose tax change

By Ray Dafter, Energy Correspondent

NORTH SEA oil companies have told the Government that exploration and development efforts could be "seriously impaired" if the proposed offshore tax changes come into effect.

An additional tax burden and associated loss of confidence could hit the offshore effort effort needed to ensure that UK oil production continued at significant levels into the 1990s, says Mr. George Williams, director general of the UK Offshore Operators' Association.

In a letter to Government, he claims that the industry's problems with marginally economic fields called for a lower Government tax take, not a higher one.

The Treasury and the Department of Energy are expected to announce changes in the Petroleum Revenue Tax structure and details of the conditions for the next round of offshore licences next week.

It is thought that the Government will seek to raise the basic rate of the tax, from 45 per cent of specially defined profits to nearer 60 per cent, and will aim to change some of the concessions to oil companies.

Mr. William's letter says that it would be "extremely imprudent" for the Government to revise the tax system without consultation with the industry.

The association considers that Government consultation with only British National Oil Corporation on the subject would not be adequate, particularly as the corporation is exempt from the tax payment.

Labour calls for urgent council house reforms

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

URGENT REFORMS to preserve the public housing sector as a genuine alternative to home ownership were demanded by the Labour Party yesterday.

A report entitled A New Deal for Council Housing, endorsed by the party's National Executive Committee this week, says that changes must be made which will open up public housing to all who choose to rent.

The rights and freedoms of other housing tenures should also be extended to public tenants and "parity of esteem" between tenures should also be established.

The Government outlined plans for a new Housing Bill in June and made it clear that a "tenants charter," providing a comprehensive package of statutory rights, would be included.

Mr. Frank Allaun, MP for Salford East, and chairman of the working party responsible for producing yesterday's report, said that measures were required to prevent the public housing sector declining to a point where it provided only "welfare" accommodation for the needy.

The report says that widespread dissatisfaction exists over living conditions among the country's 6m tenants, but that the decline of the private rented sector would put even greater demand on the public housing sector.

The growth of home ownership, encouraged as much by Labour Governments as by others, would further narrow the social make-up of the public sector, unless tenants were offered more varied housing opportunities and "a greater degree of personal independence and control over their homes."

Local authority estates should be improved physically and environmentally, allowing tenants to make their own improvements as well, and security of tenure should be extended to all public sector tenants.

Local authorities should need to obtain a court order before seizing goods to pay off rent arrears, as in the private sector, and local authority housing allocation policies should be "open to challenge," with the criteria involved being made publicly available.

Merger decision

Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, has decided not to refer the proposed merger of the insurance interests in Britain of Allstate Insurance Company and Great Universal Stores to the Monopolies and Mergers Commission, he said yesterday.

NBC insured for $40m over Olympic Games

BY JOHN MOORE

LLOYD'S of London has insured NBC, the U.S. TV company, for more than $40m on its coverage for the 1980 Olympic Games in Moscow.

NBC is insured against any cancellation of the Games because of a political flare-up between the participating countries or if the Americans have to pull out because of any political row with the Russians.

The placing of the business—a political risks insurance cover —was done by Lloyd's brokers C. T. Bowring, and completed at the beginning of this year.

Many Lloyd's syndicates, headed by the Merrett syndicate, have underwritten the risk, which one estimate suggests could represent about $2m of premium.

As such, it is the largest insurance cover for Olympic television coverage arranged at Lloyd's.

There has been speculation in the American Press recently that if the Americans pulled out of the 1980 Games because of the Russian attitude towards dissidents, NBC would then need to make a claim.

Dividend curb extension meets no opposition

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

GOVERNMENT LEGISLATION extending statutory 10 per cent dividend controls for a further 12 months was given a second reading without a vote in the Lords yesterday.

The Dividends Bill is expected to go through all its remaining stages in the Lords on Monday and receive Royal Assent the same day.

No significant opposition is expected from the peers during Monday's Comittee Stage and the Conservatives and Liberals are not expecting to put down any amendments.

Possibly, however, Lord Monson, a crossbencher, will try to amend the legislation. Yesterday he described it as a cynical and contemptible Bill. "We must amend it next Monday to reduce the scope of operation for the harm it does."

Should snags arise, they will embarrass the Government, as the present controls expire on Monday. The Government would have little time to rectify matters, as the Lords rise for the summer recess on Wednesday and the Commons breaks up on Thursday.

Yesterday's Lords debate came only a few hours after the Commons had given the Bill a third reading in the early morning.

The Conservatives attacked the measure. Their spokesman, Lord Carr of Hadley, described the Bill as damaging nonsense. "It is nonsense except in terms of the political mythology of a few dinosaurs in the trade union movement."

Wine sales and prices may rise sharply

BY KENNETH GOODING

WINE SALES in Britain seem set for another boom, but prices are also due to rise sharply, according to the latest official statistics.

Customs clearances of wine in the first five months of this year were 39 per cent, or nearly 7m gallons, ahead of the same period of 1977, at 24.8m gallons.

The Wine and Spirit Association estimates that this means that about 50m extra bottles of wine were drunk—including British wines—in the period up to the end of May, and that by now the figure could have reached an extra 75m bottles.

Overseas Trade Statistics, however, show a big rise in the value of wine being imported to the UK, and this eventually must be reflected in retail prices.

In particular, French wines must be due for a jump in price. In the first five months, the volume of wine imported from France advanced by only 3 per cent on the same period a year before (to 7.2m gallons).

But the value soared 25 per cent to nearly £36m.

Italian wine arrivals fell about 4 per cent, to 3m gallons, but the value was nearly 2 per cent up at £6m. Wine from West Germany—2.2m gallons worth £8.5m — showed increases of 9.6 per cent in volume and 17.26 per cent in value.

Portuguese wine imports fell over 2 per cent to 1.2m gallons, but the value increased 29 per cent to just under £5m. The only country departing from the trend was Spain, second-largest supplier of wine to the UK. Imports over the five months fell 6.5 per cent to 7.2m gallons and the value dropped 9.4 per cent, to £13m.

The rise in the price of most European wine reflects a genuine scarcity of many types. Stocks are low and the problem is being exacerbated by demand from the U.S. where there is a boom in white wine drinking.

LABOUR NEWS

Ambulances banned by crews

BY OUR OWN CORRESPONDENT

LARGE AREAS of Scotland were without normal ambulance services yesterday, after further trouble with the services fleet of Bedford CF 25 vehicles.

Crews in Edinburgh and Glasgow decided to ban the Bedfords after a wheel fell off an ambulance taking a boy to hospital in Glasgow on Thursday night and an Edinburgh driver reported a rattle in the rear wheel.

Their action—which means emergency-only services being operated in both cities by Morris ambulances — follows protests by crews in Renfrew and Greenock districts. They have been banning the Bedfords for 10 days.

While no injury has been caused by wheels coming off, the men regard the vehicles as "dangerous." "We are not going to drive them, and that's that," said an official of the Transport and General Workers' Union.

Bedfords represent about 80 per cent of the Scottish ambulance fleet of 360 vehicles. Vauxhall, the manufacturer, said that there is no design fault in either the Bedford chassis or their components.

The company cannot understand why the problem seems to occur only in Scottish ambulances.

Intensive investigations have been held by the company and independent consultants since the first incident 18 months ago. They are trying to find out why rear-wheel nuts loosen suddenly and unexpectedly.

The dispute seems likely to continue until the Common Services' Agency, which administers the Scottish ambulance Service, reports on the findings of a special committee set up after the Renfrew and Greenock incident.

Even intensified daily checks on the wheel nuts have not solved the problem. The driver of the ambulance which lost a wheel in Glasgow on Thursday night said he had checked the nuts before he set out. He had done only four trips around the city before they all came off.

Progress at Chrysler peace talks

By Our Labour Editor

SOME PROGRESS towards resolving a serious strike at Chrysler's UK's Linwood plant in Scotland was reported yesterday.

At a further meeting in London of trade union and Department of Industry officials and company management, various unspecified proposals were put forward. These will be considered by the two sides in the dispute and another meeting has been arranged for Tuesday.

Meanwhile, Mr. George Lacy, managing director of Chrysler UK, last night described as "absolute rubbish, irresponsible and totally without foundation" a report that the company was planning to ask the Government for another big cash injection to stop the UK subsidiary closing down.

The denial comes in the wake of latest figures from the parent corporation showing a second-quarter deficit of about £837,000 for the UK company after a small first quarter profit.

Doubts about the future of the strike-hit Linwood plant have been voiced, and are believed to have been mentioned at a meeting on Wednesday when Mr. Eric Varley, Industry Secretary, and other Ministers were present.

Yesterday's discussions are understood to have concentrated on a dispute, which arose from management attempts to speed up production by new ways of determining temperatures in the hottest parts of the paint shop.

About 550 paint shop workers are resisting attempts to change their rest breaks in these areas. Over 4,000 workers have been laid off.

Without some kind of agreement in the next week, the plant may not restart production at the end of the three-week holiday on August 7.

Sun journalists backed by union

BY PAULINE CLARK, LABOUR STAFF

THE National Union of Journalists has given its official backing to a dispute on the Sun newspaper where journalists have been sacked for taking industrial action over a pay claim.

But as the strike prevented the newspaper from publishing for the sixth night running all the signs were that the Advisory Conciliation and Arbitration Service would soon be formally asked to help find a solution to the dispute.

The NUJ executive council, meeting in London last night, agreed to a request that the journalists should be allowed to take the dispute to ACAS and the Sun chapel (union branch) also yesterday signified that it would be prepared to accept the proposal—despite having earlier this week rejected the idea.

The dispute, which has so far cost the paper an estimated £500,000 and resulted in the loss of about 30m copies, involves about 220 editorial staff.

The management says that the dispute centres largely on the interpretation of what should constitute a productivity deal.

In its letters of dismissal to the journalsts on Thursday night, the management took the unusual step of reserving the right to seek damages from the strikers.

It said: "The company reserves the right to seek damages from you as compensation for the loss which it has suffered as a result of your breach of contract."

Mr. Ken Ashton, general secretary of the NUJ, said last night that the union was "impressed by the Sun journalists' total loss of confidence in their employers' behaviour. Our members are prepared to meet them at any time."

The union was asked by the Council of the Newspaper Publishers' Association earlier this week to give an assurance that it would abide by agreed disputes procedures.

Mr. Bert Hardy, general manager and chief executive, said last night that only the journalists could offer a solution to the dispute by returning to work. The pay issue was already "a very difficult one" which would involve a great deal of talking.

● The NUJ Chapel at LBC, the London news-based commercial radio station, has unanimously called on the Independent Broadcasting Authority to conduct an immediate inquiry into management-staff relations at the station.

The resolution says the journalists are "appalled at the consistently destructive attitude towards industrial relations taken by the management."

LBC has not broadcast normal programmes for nearly a week, nor have the other 18 commercial radio stations been supplied with its Independent Radio News service.

The NUJ said in a statement yesterday: "For five years, LBC and IRN have maintained their services on the goodwill of journalists, who have been prepared frequently and regularly to carry out responsibilities at a higher level than that at which they are employed, on a voluntary basis and without payment.

"In April of this year the agreed disputes procedure was invoked in relations to five specific cases of extra responsibility. Despite meetings on three separate occasions, the company had put forward no proposal of any kind by last Friday, July 21.

Early pensions help plant redundancies

By Our Midlands Correspondent

MASSEY - FERGUSON, the Coventry-based tractor maker, has achieved 900 of its 1,020 redundancies at Coventry and Kilmarnock by voluntary means and early retirement.

The remaining 5,800 workers at Coventry return to fulltime working next week after the holidays since short time, and later redundancy was introduced at Easter.

Kilmarnock, which mainly makes agricultural equipment other than tractors, has escaped short time but will be losing work during a fortnight in September.

Gas control workers plan unofficial strike

WORKERS who control the flow of natural gas into the national grid system are staging an unofficial 24-hour strike next Monday which may reduce pressure in some areas.

They are complaining of delay in an agreement on trade union facilities between the National and Local Government Officers Association and British Gas.

They are members of the NALGO British Gas Operation branch. Mr. John Newell, the branch vice-chairman, said yesterday that it was difficult to predict what effect their action would have.

It is likely that pressure will be reduced in some sections of the grid, depending on the demand.

British Gas said that it did not think the action would affect supplies. But it was impossible to forecast accurately what the effect would be.

The workers concerned deal with the flows and pressures of natural gas through the mains from shore terminals to the regions.

A union official said the trouble was over a trade union facilities agreement for workers facing communications difficulties.

Negotiations with British Gas were continuing and the workers' action was not supported by the union.

£2.5m German order disputed

FINANCIAL TIMES REPORTER

A COMPANY'S decision to buy £2.5m worth of machinery from Germany has sparked a political row involving Mr. Eric Varley, Industry Secretary, and Mr. Anthony Wedgwood Benn, Energy Secretary.

Thames Board Mills, a subsidiary of Unilever, which manufactures carton board, has placed an order for £2.5m worth of sheeter machinery with the German company of Jagenberg. The machinery will complement £10m worth of machinery already ordered from a British company, Beloit Walmsley.

The machinery is part of an £83m expansion plan undertaken by Thames Board at its Workington mill to increase capacity by 50 per cent to 150,000 tonnes of duplex board a year.

It is estimated that it will create 255 more jobs directly, with a further 350 jobs in the forestry and transport industries.

The Government has approved a £10.5m investment grant for the expansion. The company already receives between £15m and £20m in regional aid.

However, a Bristol-based company, Masson Scott Thrissel, part of the Molins group, put in a bid for the sheeter machinery understood to be around 15 per cent lower than the German price.

Thames Board claims that the Jagenberg machinery is superior to that supplied by Masson.

Masson shop stewards have approached Mr. Benn, who is their MP, asking him to take the matter up with Mr. Eric Varley, whose department pays the grants to Thames Board. Masson also receives government aid of around £500,000.

The Department of Industry said yesterday that Mr. Benn had written to Mr. Varley, and that it was now having discussions with Thames Board.

Mr. John Williams, chairman of Thames Board, said that he had no intentions of changing the contract with Jagenberg.

Industry uses more steel

By John Lloyd

STEEL consumption by UK industry in the first quarter of this year was up significantly over the same period last year. It was also higher than the previous quarter, according to Department of Industry figures.

The Department has changed its method of calculation "to improve the estimates," it says. Two sets are given, first those calculated on the new basis, then (in brackets) those calculated on a comparable basis with previous figures.

Consumption for the first quarter was 4.2 tonnes (4.18m) compared with 3.74m tonnes in the first quarter of 1977 and 3.83m tonnes in the previous quarter. Steel imports were also up on last year.

THE WEEK IN THE MARKETS

Equities in good heart

Despite the prospect of another round of statutory dividend controls the equity market was in fine form over the week. On Thursday it even managed to turn an initial 2.7 fall in the FT Ordinary Index into a 6.8 rise at the close. By the end of the week the index had risen nearly 13 points while the FT All-Share Index was within a whisker of its all time peak. Some institutional demand in a market very short of stock was basically given as the reason behind the unexpected buoyancy.

Gilts also kicked off in good heart and the long tap was exhausted on Monday. But thereafter the market soon drifted away until the decision on Thursday to release another tranche of the special deposits restored confidence, and the announcement of a new long tap yesterday caused few ripples in the market.

Thomson reshuffle

Thomson Organisation's decision to exercise its option to take over the Thomson family's lucrative North Sea oil interests was nowhere near as simple as outside observers had been expecting.

The first part is straightforward enough. Thomson is finally taking over the family's stakes in the Piper and Claymore oilfields now that they are developed and nearing peak production. However, the deal is complicated by the decision to take over the remaining 10 per cent family interest (to avoid conflicts of interest) and inject *the whole lot into a brand new* Canadian company, International Thomson Organisation. The combined group is forecasting attributable profits of £45m in the current year of which just over two-thirds will reflect oil income.

Apart from the fact that Canada is the Thomson family home (it already owns four-fifths of Thomson Organisation), the move is designed to help the group utilise its rapidly rising cash balances. It has £100m in the kitty at the moment and will be generating upwards of £50m per annum surplus to its existing requirements over the next few years. If it tried to invest these from a UK base it would be subject to exchange controls and dividend restraint as well as monopoly legislation.

Although the deal is complicated the non-family shareholders in Thomson Organisation seem to have been treated fairly. Their dividend has been quadrupled and a quarter of each Thomson share is now effectively rated as a foreign currency security—some people had been hoping for more. However, those investors who had been running the share price up to 295p, where it was suspended, were in for a disappointment. When dealings restarted this week the price settled down around 270-280p.

Stag fever

Dealings in jewellers Ernest Jones started this week at a premium of 30p (offered at 115p) to conclude yet another highly successful offer for sale. Putting aside Hunting, which was a special case—the parent floating off part of the company—the response to the last three offers, Eurotherm, Cartiers and Jones, has been overwhelming. Saga Holidays broke the ice last March and though the initial *response was more muted than* that to the next three issues Saga's price is now 50 per cent above the March offer.

The fixed interest new issue market has also had its excitement. This week a £15m offering by Camden council attracted

LONDON

ONLOOKER

applications for around £900m; a couple of good days in the gilt market between the time when the terms were pitched and application day completely changed the picture.

But these tremendous responses are unlikely to tempt the issuing houses into pitching their offer prices that much higher. The dividing line between *success and failure* is very narrow and a flop after these recent showings would be a very black mark. Moreover it might put off what few equity issues are coming to the market.

Bouquets & brickbats

Bouquets for Spillers and brick-bats for J. Lyons was M&G unit trust group's contribution to the two companies' AGMs held this week.

At issue was the companies' policies on dividends. Spillers was to be congratulaetd, according to Mr. David Hopkinson, chairman of investment managers for M&G, for paying a final dividend—albeit reduced—despite the tremendous problems it has faced as a result of the collapse of its baking business.

Lyons however received a rap on the knuckles for passing its final dividend in what Mr. Hopkinson described as a stop-go policy.

He said that both companies had faced similar difficulties but *Spillers' decision to reduce* rather than forego a final dividend was much the better policy. M. and G. funds control a 5 per cent stake in Spillers and have a 15 per cent holding in Lyons.

Mr. Hopkinson said that it was likely that both companies would in the next few years have to come to shareholders *for further funds.* They were much more likely to meet this call where there is a consistent dividend policy.

However, this view clashes with the textbook definition of risk capital. When a company is successful its shareholders *should be rewarded.* When it is in financial difficulties, it has no business to be paying out dividends and adding to its burdens.

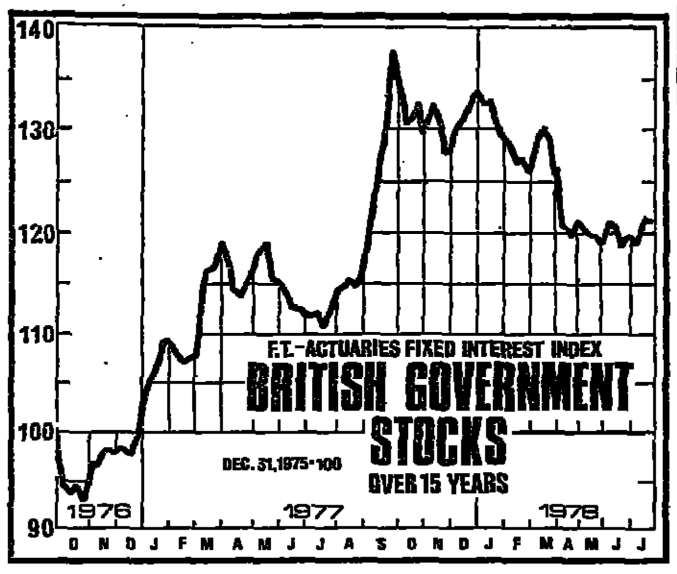
Oil outlets

Ultramar, the independent oil company whose Indonesian oil field is now producing a strong cash flow, this week announced a move intended to put right its loss-making refining and marketing operation in East Canada.

The trouble in Canada is similar to that in Europe: too much capacity and stagnant demand. Ultramar has a big refinery which is only working at two-thirds of its maximum capacity. In July last year the refinery showed it could process 143,000 barrels per day, but for the year as a whole the average was only 88,000 b/d.

The new move is a proposed purchase of a Shell subsidiary, Canadian Fuel Marketers, at a cost of some £25m to £50m in cash and assumption of bank guarantees. The idea is to secure further outlets for refined oil and thus increase the use made of the large capacity. Given the high fixed costs of the refinery, this could theoretically have a marked effect on profitability.

But the stock market is not wholly convinced. Ultramar already sells some of its oil products through CFM so the effect on throughput may not be that great. When Ultramar issues an explanatory circular to shareholders it will have to convince some doubters among them that it is not throwing good money after bad, spending too freely now that the Indonesian ship has come in.



THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM JUNE 29	% change
Hire Purchase	+13.1
Stores	+12.9
Food Retailing	+10.9
Insurance (Life)	+10.7
Lt. Electronics, Radio, TV	+ 9.7
Building Materials	+ 9.6
All-Share Index	+ 7.0
THE WORST PERFORMERS	
Office Equipment	+ 4.3
Merchant Banks	+ 4.0
Toys and Games	+ 3.7
Oils	+ 3.0
Discount Houses	+ 2.4
Shipping	+ 1.4

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low	
Ind. Ord. Index	492.1	+12.9	497.3	433.4	Less harsh dividend controls
Gold Mines Index	183.4	+ 8.4	183.4	130.3	Surge in bullion price
Barclays Bank	342	+17	358	296	Better-than-expected int. figs.
Bourne & Hollingsworth	212	+97	212	79	Bid approaches
Burton A.	140	+22	142	99	Revived bid hopes
Clifford (Chas.)	112	+15	114	81	*Mr. Oliver Jessel acquires 29.4%*
De La Rue	402	+42	402	230	Chairman's optimistic statement
English Property	37	− 5	51	27	*Termination of bid talks*
Farnell Electronics	333	+33	333	186	Speculative demand
Furness Withy	244	+19	348	206	Revived bid speculation
Inchcape	370	−35	445	350	Profits setback
Ingram (H.)	27	−11	40	27	Final dividend omission
Ladbroke	171	+16	215	155	Increased profits forecast
LASMO 'Ops'	375	+40	415	284	Demand in thin market
M.L. Holdings	155	+25	155	88	Speculative demand
Orme Developments	57½	+14½	58	40	Bid from Comben Group
Peerage of Birmingham	63	+19	65	32	Bid approach
Pearson Longman	260	+66	260	174	S. Pearson bid for minority hldg.
Ricardo	206	+14	206	107	Favourable Press comment
Thomson Organisation	282	−13	295	155	Disappointment with reorg. terms

U.K. INDICES

Average week to	July 28	July 21	July 14
FINANCIAL TIMES			
Govt. Secs.	70.89	70.61	70.13
Fixed Interest	72.19	71.62	71.73
Indust. Ord.	486.4	473.8	470.8
Gold Mines	176.6	166.8	159.5
Dealings mkd.	5,169	4.451	4.402
FT ACTUARIES			
Capital Gds.	223.25	216.77	214.56
Consumer (Durable)	204.96	198.87	197.85
Cons. (Non-Durable)	210.71	203.51	202.08
Ind. Group	218.91	212.29	210.46
500-Share	241.83	235.52	234.28
Financial Gp.	167.73	164.98	162.24
All-Share	222.88	217.55	215.99
Red. Debs.	57.14	56.95	56.80

Minor rally

FOR MUCH of this week the stock market assumed the appearance of a house without *windows, determinedly shutting* out the rising din of worrisome economic news of a weakening dollar, rising wage settlements and stagnant productivity. Thus insulated, investors were dazzled by the attractions of two or three dozen stocks, mostly those traditionally tagged glamorous, whose earnings prospects this year range from good *to excellent. This is not an* illogical thing to do when the development of the economic world outside is still so very difficult to predict.

The approach proved very good for stocks and over the week the Dow Jones Industrial Average advanced 22.87 on good trading volume fuelled by gathering institutional participation. *Powering the minor* rally were the household names such as Polaroid, which has been trading around its best price since 1974, IBM, Eastman Kodak and Texas Instruments.

By this morning, however, the world at large was tugging at the investor's sleeve demanding attention. There have been few greater attention grabbers this year than the Consumer Price Index *whose elevation in June* exceeded Wall Street's most pessimistic forecasts. Once again the U.S. economy stood afflicted with double digit inflation and so once again there is a shaking of heads and much muttering that this cannot be *allowed to continue.*

There is no disagreement in the U.S. on this although there is much argument on how to

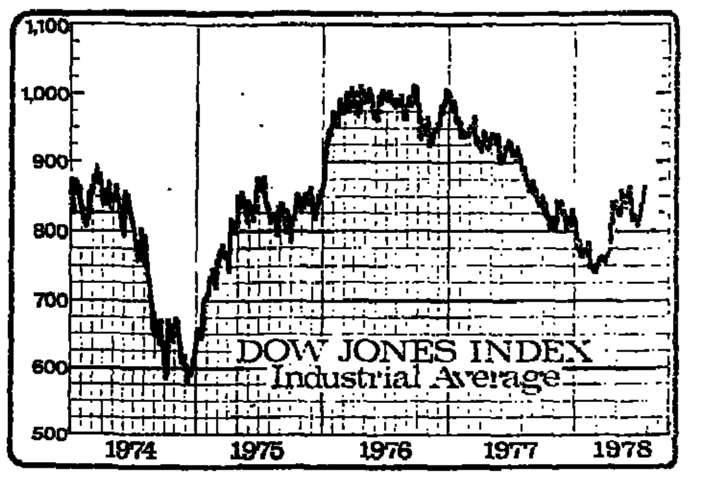
NEW YORK

JOHN WYLES

tackle the problem. With a high underlying rate of inflation and economic growth running at between 3 and 4 per cent in real terms, many find it hard to believe that short term *interest rates can yet be near* their summit for this business cycle.

Mr. G. William Miller, the Chairman of the Federal Reserve Board upon whose every word many hang, has appeared optimistic on the subject *before a Congressional* Committee this week and resolutely affirmed that the Fed had no *intention or desire to* push the U.S. economy into a recession next year. He hoped that interest rates would be peaking in the next few months and that credit conditions would be a little easier by next year. But today Mr. Miller forecast inflation over the next *12 months of between 7 and 7½* per cent and real economic growth between 3¼ and 3½ per cent.

Merrill Lynch, which this column reported last week has forecast a probability of a recession next year, followed up this week by reaffirming its expectation of a substantial stock market decline later this *year. The company's* investment strategists argued that the market is in the midst of a *secondary rally at the moment* which will give way to a decline because of inflation, rising interest rates and a consensus among securities analysts that 1979 corporate earnings will *show* a "major deterioration." Thus portfolio managers are being advised to *prepare to buy into the expected* weaker market late in this quarter or early in the fourth quarter. Next year, says Merrill Lynch, stocks will be the investment vehicle of choice, marking the end of the long-term bear market which the brokerage firm's analysts believe has prevailed for this decade.



	Close	Change
MONDAY	831.60	−1.82
TUESDAY	839.57	+7.97
WEDNESDAY	847.19	+7.62
THURSDAY	850.57	+3.38
FRIDAY	856.29	+5.72

Midget bites giant

IT WAS with a mixture of amusement and *interest* that the U.S. airline industry read the news earlier this month that Texas International, a small carrier based in this South Texas metropolis, had bought just under 10 per cent of the *shares* of National Airlines, a major U.S. airline over twice its size, and was "considering the possibility of seeking control."

But like most people in this booming oil town, Texas International (TXI) likes to think big. National Airlines, best known in Europe for its "fly me" advertisements, reacted calmly, saying it was prepared to listen to what TXI had to say. *So far, no further discus*sions have taken place, but TXI has basked in the glare of publicity, and its bravado illustrates the kind of challenge established airlines could face as the industry moves into the era of deregulation.

TXI, dubbed the maverick airline, is based in an untidy jumble of buildings on the edge of Houston's homely no. 2 airport, *Hobby Field.* "We spend our money where our customers see it" explained Jim Donnelly, the company's marketing chief, referring to TXI's sleek new booking and passenger facilities at Houston's prestige Intercontinental Airport on the other *side of town.*

With a new image, TXI built up a fleet of DC9s and started to expand its business primarily around the southern U.S. and Mexico. But its biggest innovation was fare-cutting where, it claims, it led the pack.

"We believed that cheap fares should be dictated by the market and not by the time of day" explained Mr. Donnelly, alluding to the fact that most cheap fares on U.S. domestic routes apply between 9 pm and 6 am. So TXI drew up a plan to offer *up to 50 per cent cuts on routes* where demand was soft but where it reckoned people would fly if the price was right. It decided to call these "peanuts fares." And just as the civil aeronautics board approved them, a certain peanut farmer called Jimmy Carter was elected President.

"It was a happy coincidence," said Mr. Donnelly. "But the results were immediate. We registered a 350-400 per cent increase in traffic on the first five routes we tried, and we've since extended it further. About half of our total passengers now travel on peanuts fares."

To underline that fare-cutting airlines can make good profits, Mr. Donnelly said that TXI currently earned about 5 cents on the dollar in an industry where a return of one cent is not uncommon. "Even so, we want to *make 10 cents on the dollar,*" he said.

TXI emphasises that it is not going for all-round fare-cutting. "We don't intend to become a Freddie Laker. We see low fares as just one element. You need all kinds of fares for all kinds of routes. People should pay full fare where the demand justifies it."

TXI's enviable growth record is in one sense typical of *regional airlines,* whose profits have shown greater strength in

U.S. AVIATION

DAVID LASCELLES

the last few years than the major airlines who have to bear much *higher costs.* TXI has also accomplished its turnaround on the basis of an existing network, without investing in new routes.

However, now that its financial strength has improved the airline has begun to look for new destinations to add to its network. So far, it has applied for routes to Minneapolis, Philadelphia, Washington, Baltimore, Florida and several resort areas in Mexico. Earlier this month it got the go-ahead for Dallas-Las Vegas.

This growth will bring it into increasing competition with the large carriers, and entail all the extra costs of establishing an *unfamiliar name in a new area.* Many of these routes also mark departures from the lucrative "sunbelt" which TXI concedes has been a major factor in its success so far.

Although it would seem logical for an airline in this *situation to seek* a takeover or a merger with another, the puzzling point about the National Airlines share purchase is that National hardly fits the bill. For one thing, it is too large for TXI to absorb, though something could presumably be done by issuing paper. For another being a trans-Atlantic carrier, National would bring TXI *into a new* and wholly unfamiliar world.

Over the $200 hurdle

EVENTUALLY it had to happen. With the dollar wallowing in the wake of the yen, a general air of currency *uncertainty* and a strong industrial demand for gold, the price of bullion has at last gone above its end-1974 peak of $197¼ per ounce to close yesterday at a best ever $201¼.

Gold shares jumped for joy, but only to the extent that the Gold Mines index reached 183.4, its highest since 184.9 in June 1976 when the gold price was a modest $125. Indeed, the index would not be as high as it is were it not for a recent period of comparative peace in the simmering South African *political situation.*

The 1974 advance in the bullion price was achieved at the expense of demand from the jewellers and other industrial consumers who were priced out of the market to a large extent. This time, however, the weakness *of the dollar means that* gold buyers using strong currencies such as the deutschemark or the Swiss franc find that the dollar price of the commodity is not unduly expensive.

This point is stressed in the annual report this week of Anglo American Corporation of South Africa, a weighty 104-page document which befits a R5.6bn (£3.4bn) group with major interests in mining, industry and finance.

Furthermore, as the accompanying chart shows, the *strength of industrial demand* for gold is such that it can no longer be met out of western world production; *if official* sales—such as the eagerly snapped-up amounts offered at the International Monetary Fund auctions—were to dry up "the market would be seriously short of physical gold," says Anglo.

Meanwhile, South African gold mining earnings are on a rising tide *as are those from* uranium for the two-product mines. Unshackled by dividend limitation, the mines are now boosting their distributions and this process will continue while the gold price remains in the ascendant. A currently strong gold share market feels that the boom is only starting.

So, too, do some of the chart followers. But all booms look as though they will last for ever and the greatest art in investment is knowing when to take a profit. Perhaps the safest course is to take some profits on the way up, bearing in mind the fact that high gold prices do not *remove the political threats that* must overhang the South African share market.

But if profits are there to be taken, part of them can be left in to "take the ride." [illegible] investors may decide to wait until the inevitable corrective market reaction occurs and then move in with an expendable proportion of investment funds. They might also consider the possibility of gold's strength spilling into the other precious metals, silver and platinum.

MINING

KENNETH MARSTON

Inevitably, half-yearly earnings figures being reported by those transatlantic natural resource companies with sizeable copper or zinc interests make a dull showing in line with the continuing depression in the respective metal markets. America's Texasgulf, for instance, has earned $22.27m for the first half of this year compared with $27.6m a year ago despite higher overall sales.

Then we have had the veteran U.S. Inspiration Consolidated Copper with a six months' loss of $3.06m which goes against a profit of $2.11m in the same period of 1977. Lower sales of copper have been made at reduced prices in this depressed market.

Anglo American, whose Hudson Bay Mining and Smelting and Minerals and Resources Corporation members have raised their holding of Inspiration to 69 per cent as a result of their continuing cash offer, sees little prospect of an improvement in the copper market over the next 12 months.

The Rio Tinto-Zinc group's Canadian producer of copper and molybdenum in British Columbia, Lornex, has turned in a lower half-year profit of C$4.48m against a C$6.48m last time while Canada's Placer Development has suffered a decline in half-year net income to C$10.5m from C$11.1m; the last-named blames its turn in fortunes on the poor *performance of the Gibraltar Mines* open-pit copper producer which moved into the red in the same period.

Weakness of zinc has lowered half-year earnings of Canada's Cominco to C$26.1m from C$37.8m while the company's Pine Point subsidiary has suffered a 51 per cent fall in earnings to C$3.2m. But the latter's president reckons that the zinc market is now showing signs of recovery with consumption and supply approaching a more balanced position.

More cheering news comes from the Canadian Denison Mines. The big uranium producer has made a record half-year profit of C$26m which compares with C$13.2m in the same half of 1977. *Looking ahead,* Denison comments with satisfaction on the Canadian Government's approval of a long-term uranium supply contract with Ontario Hydro which will keep Denison busy until the year 2011.

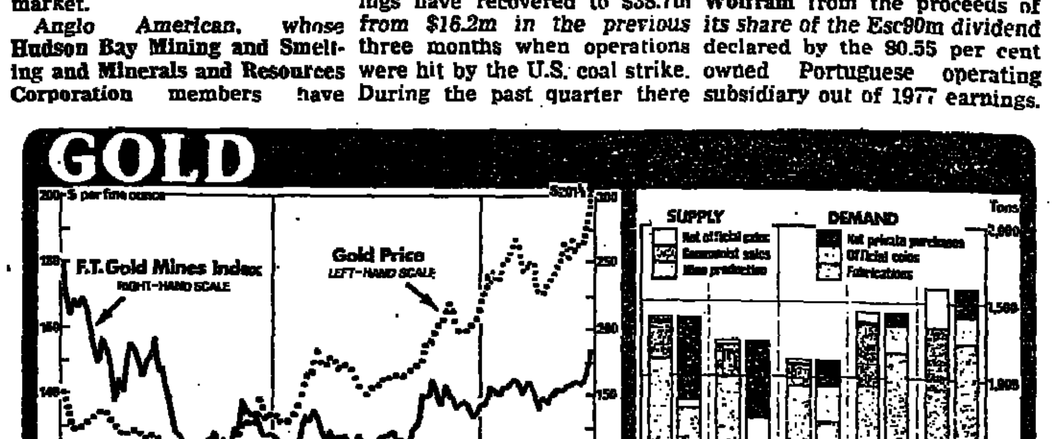
Diversification is paying off for Amax. Second quarter earnings have recovered to $38.7m *from $16.2m in the previous* three months when operations were hit by the U.S. coal strike. During the past quarter there was a continued improvement in profits from the group's traditional molybdenum operations together with a recovery in earnings from iron ore and coal.

Also helping matters has been the inclusion of earnings of Canada Tungsten, the holding in which has been recently increased to 65 per cent from 47 per cent. Intriguingly, the latter has reported that very *encouraging uranium values* encountered by a Government team of geologists in northern Quebec were on ground leased by the company, but as it did not participate in the exploration it cannot confirm the results.

● Cornwall's tin-producing Geevor Mines—in business since 1911—has lifted pre-tax profits for the year to March 31 to £1.07m from £606,279. A proposed second interim dividend of 2.93125p net together with the first interim of 8.415p, which was paid before the three-for-one scrip issue, is the maximum payable under dividend limitation. Before Thursday's Dividend Control Bill debate, Geevor had hoped to be able to make a further payment "not exceeding 3.76875p."

● Net profits of the South African General Mining-Union Corporation group's UC Investments for the past half-year have risen to R4.8m from R3.25m. The 1978 interim is *increased to* 14 cents from 10 cents a year ago when the subsequent final was *20 cents.*

● A distribution to be made in December of approximately 4p per share by Beralt Tin and Wolfram from the proceeds of *its share of the Esc90m dividend* declared by the 80.55 per cent owned Portuguese operating subsidiary out of 1977 earnings.



Opening gambit on punter's market

THE PHILIPPINES, famous for Karpov's yoghurt and President *Marcos's martial law, is playing* host to the Far East's latest share boom.

During the month that the chess grandmasters have been squaring off for the honour of being the second best player in the world and President Marcos has been *taking* the first steps to liberalise his regime the prices of industrial stocks listed on the Philippines stock markets rose by roughly 15 per cent.

Since the beginning of the year the commmercial-industrials index has jumped almost 40 points to 119.44 and prices of leading stocks are between 2[illegible] and 100 per cent *higher.* The boom looked a little shaky towards the end of the week but observers are suggesting that it marks the beginning of a *consolidation phase* (which is desirable from a chartist's point of view) rather than the beginning of a massive sellout.

Being in the U.S. commercial sphere of influence in the Far East the Philippines has been, like the chess championship, a second best contest *for the* Bobby Fischers of UK investment.

In the past it has been a punters market with copper *stocks and speculative* oils the main areas of interest. The commodity boom of the early seventies aided domestic liquidity but the balance of trade was hit very hard by the oil price rise of 1974. The oil price rise cut world trade and most commodity prices began their plunge to base levels.

Singapore, Hong Kong and Japan kept UK *attention* away from the Philippines during its time of trial and, as a result, most people missed the gradual improvement in commercial and industrial corporate profits that occurred in 1977. Towards the end of that year local investors started to take positions but the dramatic growth did not start until January this year.

PHILIPPINES

TERRY OGG

At that time the Central Bank of the Philippines lowered the ceiling for interest yields on deposits with maturities of 730 days or less to 16 per cent. It also indicated that the ceiling would come down to 15 per cent on July 1. It imposed a withholding tax of 35 per cent on interest income from most bonds and the two measures effectively slashed *yields on short term* debt securities from 16 per cent to around 8 per cent.

The Government's move was supported by rapidly increasing revenues and profits from listed commercial and industrial companies. The result was that *investors started to switch* from short-term debt investment to commercial equities and the price boom gathered enough momentum, to carry it through to July 21.

Since then there has been some profit taking and the index *has slipped a little.* Whether this is just a mild tremor or a plunge back to the nearest *support level (roughly 40 points below its current peak)* will depend on the strength of a belief that a significant reappraisal of the commercial and industrial sector has taken place.

Many observers tend to accept *that a change has taken place,* and that further growth will follow the consolidation. They point to the low p/e ratios of leading stocks, the high cash yields, the rapid profit growth and the potential of the Philippines economy.

The mining sector, traditionally the major sector of the market, has been quiet for some time as commodity prices, particularly copper prices, have *continued to languish.* There was a bit of interest in copper shares when the Zaire invasion lifted spot prices and rumours of a greater Japanese demand for copper concentrates also helped but together it was not enough to initiate a switch from *industrials to mining.*

The other main support for the continuation of the bull market is the high level of domestic liquidity. While there *is a massive balance of trade* deficit, relatively low domestic inflation rates and a strong inflow of cash have kept the balance of payments in the black. There was an increase of almost 30 per cent in bank deposits during the first quarter of this year. Money supply growth is roughly 20 per cent a year.

A sudden drop in earnings expectations or a corporate collapse would unhinge the market. It is thin and relatively illiquid which would *suggest that any setback is likely* to turn into a rout. Foreign investors can bring money into *the country quite freely and a* presidential decree states that they can take it out just as freely providing the initial flow was registered with the Central Bank.

In practice, all requests to remove funds are considered by *the Central Bank and it may* take two to three weeks before the money is actually permitted to leave. President Marcos at present encourages foreign *investment and it is unlikely* that this policy will change in the immediate future.

But the market is still a punters' market and, if it is not possible to get set at the right price in a particular stock its always possible to have a punt *on the outcome of the Karpov-*Korchnoi match. At the rate they are going it could turn out to be quite a long term investment.

FINANCE AND THE FAMILY

Transfer of chattels

BY OUR LEGAL STAFF

Does the exemption of up to £2,000 a year of transfers free of capital transfer tax, apply to cash or also to kind? If so can I transfer chattels to my children free of tax?

Capital transfer tax applies to anything which reduces the value of the donor's estate. We see no reason why you should not transfer valuable chattels *free of tax, but you will have to* make sure that the goods are "delivered" and in that case *it is advisable to transfer by* means of a deed. You will have to look into the insurance position, following the transfer.

Tax on transfer of a farm

My aunt owns a farm, which she wishes to give to my brother and myself. What please is the position with regard to capital transfer and capital gains tax?

There would appear to be a *liability to both taxes.* Capital transfer tax is based on the loss to the transferor's estate and on calculating this loss no account is taken of any capital gains tax payable and borne by him. Where the capital gains tax is borne by the transferee the value transferred is reduced by that tax.

Damage done by ivy

My new neighbour alleges that ivy growing from my side is damaging his wall, though according to something I read by your contributor, Mr. Hellyer, ivy does not damage buildings. What do you think? If damge is caused, am I liable for what occurred before my neighbour took over _the property, or before I bought_ my house some eight years ago?

We cannot say whether or not the ivy is damaging the wall. But, if it is, you would be liable for the damage even though the neighbour only recently purchased and even though the ivy was planted long ago. The damage arises from the tort of nuisance and it is no defence to *an action in nuisance to say that* the plaintiff came when the nuisance already existed. You *would not be responsible for* damage which could be proved to be more than six years old, but the continuous growth of a plant makes this extremely difficult to prove.

Limits to right of way

A farmer neighbour, who has a right of way across my land for all purposes, intends to develop a garden centre, to which the only access from the public highway will be _over_ this right of way. Can we stop this change in use?

You do not state what the former use of your neighbour's land was. If it was not used for *the purpose of* a business akin to that proposed, your neighbour will need to show an express grant in very wide *terms indeed* if he is to claim a right to accommodate the garden centre and he will not be so entitled if the right of way arose by prescription. You should consult a solicitor.

Using a party wall

My neighbour informs me that a loft conversion he has _commissioned will entail using_ the party-wall which divides our houses to assist the support of a steel joist and that I, at my own expense, should appoint a surveyor in order to satisfy myself that the work is competently carried out. Am I, in any way, responsible for the satisfactory performance of the work? What would be my remedy if damage is caused to my property either during or subsequent to construction?

If you are outside the old Metropolitan London area, you are not obliged to taken any part *in the matter* and the neighbour must himself assume the risk of any damage to your property. *Moreover,* he cannot insert a joist into your half of the party wall without your consent. In Inner London the London Building Acts (Amendment) Act 1939 applies to give a right to the neighbour to use the party wall, but he may have to pay your surveyors costs if a Party Wall Award so directs (as it normally would).

A defective roof

I have discovered that the roof of the block of flats built in 1965 into which I moved in 1976, is seriously defective. Have I any redress against the seller, if he knew of the defect? If I sell, am I obliged to tell the purchaser? Have I or the freeholder any redress against the builder or architect?

If (as seems to be the case) you did not purchase from the builder or from the building owner you have no redress against the seller. If the defective roof is not within your demise you have no obligation in law to inform a purchaser. The freeholder might have some claim against the designer/builder, but it is likely that such a claim is statute barred. You have no such claim if your vendor was merely a leaseholder.

A change of airport

I live in Blackburn and booked a holiday tour abroad which started with a flight from Manchester airport. Shortly before the holiday was due to begin, I was informed that instead the flight would be from Luton. In the travel agent's office is an advertisement saying that all holiday flights by the _tour operator concerned were_ guaranteed, but the operator declined to make any provision for the considerable extra distance and time involved. Have I any redress?

It is of course necessary to examine the terms of your contract, which may have reserved the right to change the point of departure of your flight. However, if there is no express provision to that effect the advertisement would constitute a representation that departure flights would not be altered and could thus enable you to claim for the cost of travel to Luton (less, probably, the cost of your *travel to Manchester). However* we doubt if damages for loss of time could be recovered.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Earnings and a covenant

My daughter, who is attending a four year degree course at an English university is required to spend a third year working in France, during which she receives no maintenance grant. I have covenanted part of my maintenance contribution to her. Can you advise me as to her tax position, and how far her _ability to reclaim tax under_ the covenant can be affected?

You will find general guidance in a free booklet, IR25 (1977), *on the taxation of foreign earnings*, which is obtainable from most tax inspectors' offices. Your daughter's tax position in the UK and in France may be affected by the France-UK double taxation convention of May 22, 1968, (as amended in 1973), particularly articles 20 and 21. Article 20 was quoted *in a reply to a somewhat similar* inquiry published in the Finance and the Family column on March 11, under the heading *"Daughter's earnings,"* but, if you missed that, you will find a copy of the convention (as amended) in a reference *library* in, for example, volume F of Simon's Taxes or volume 5 of the British Tax Encyclopedia: no doubt the University library has at least one of these loose-leaf works.

If you are still uncertain of *the position after reading* booklet IR25, you may care to come back to us, with more details.

Acting in good faith

INSURANCE

ERIC SHORT

THE INSURANCE industry has always operated on the assumption that both parties were acting in utmost good faith. The contract is based on the assumption that the questions answered in the proposal form by the policyholder are correct; and that the insurance company pays out claims promptly and in full in accordance with the terms of the contract. Where difficulties in payment occur, invariably it is over these terms which are not understood by the policyholder nor explained by the insurance company.

These cases are only a small proportion of the total claims settled. But in relation to household contents policies, there are currently several disturbing rumours that certain insurance companies are using varying *devices to avoid paying out* claims in full.

The bugbear of household insurance is the problem of keeping sums insured up to date. Where the sum insured is inadequate, then the premium is also inadequate for the risks being covered. Consequently premiums are not rising sufficiently fast to keep pace with the rise in amounts being paid out in claims. The UK household accounts of insurance companies, once regarded as one of the most profitable accounts, has shown substantial losses in *the past few years, one major* reason being under-insurance.

The first reaction of the insurance companies has been to endeavour to persuade policyholders to keep their sums insured up to date. They have introduced index-linking as an automatic means of maintaining values, but index-linking is only effective providing the sum insured is correct at the start.

Although this campaign by the companies has achieved a *certain measure of success, it* has by no means solved the problem. Far too many policies still have sums insured that are totally *inadequate and some* companies have taken the campaign to get the correct sums insured several *stages further.*

Some companies are simply pestering policyholders who have not *accepted their offers* to index link and have not altered the sum insured for some years presumably *on the* grounds that the policyholder will do something if only to stop the pestering. *This may seem* somewhat unethical written in print like this. But one needs to consider the other side of the case.

Insurance companies do not have an unlimited supply of cash to pay claims. Claims payments are made from the premiums received *and it is not* fair on those policyholders who keep their sums, insured up-to-date to expect them to continually subsidise those policyholders who will not. Insurance companies are now receiving letters from policyholders asking, what they are doing about the scroungers who do not pay their fair share.

People cannot claim these days that the insurance companies have not told them the situation. Until *inflation* caused this problem insurance companies said little if anything to policyholders. But now they tend to flood them with information and explanations. If policyholders do not up-date the sums insured then it is either through laziness or deliberately trying to get something for nothing.

One company *contacted* admitted that it is now seriously considering, in case of extreme underinsurance, telling the policyholder that it will not accept his renewal unless he makes a serious effort to up-date his insurance. Harsh measures, *but the company* would prefer to take this action rather than undergo unpleasantness should a claim arise under *such* a policy.

Other companies have taken more serious positive action. They are reintroducing the practice of applying average on claims. For the uninitiated, this means scaling down the *amount of claim paid in proportion* to the level of underinsurance. For example, if the full sum insured on contents is £7,000, not an unreasonable level, but the amount on the policy is only £3,500, then a claim would be halved.

Averaging was the normal practice many years ago when *insurance contracts only indemnified policyholders against loss* by paying current market value *of the items claimed.* With the growth of replacement insurance, paying the full cost of *replacing with a new article,* companies have paid out claims in full despite underinsurance.

Now companies are specifically adding in new contracts an averaging clause and making it clear to policyholders the consequences of underinsurance. Others are adding the clause in cases of underinsurance. Providing that such a clause exists *and its consequences are pointed* out, then there is some justification for these companies taking *this line of action. Whether it* would have passed the Unfair Contract Terms Act is debatable, but insurance is exempt from the provisions of this Act.

But there are rumours, that as yet the British Insurance Association cannot confirm or deny, that certain insurance companies are using averaging even though there is no specific *clause in the policy.* These companies are claimed to be falling back on the wording of the proposal form *in which* the policyholder signs a declaration that to his best knowledge and belief the sum insured represents the full value of the contents being insured. The insurance company then state that the contract is null and void *and that legally it needs only* to return the premiums paid. But to meet the loss it will make an ex-gratia payment—usually the averaged amount.

If this is the case then it is to be thoroughly deplored. All leading insurance companies contacted have been at *pains* to state that this is bad practice, that they would not do such a thing, and that they intend to coninue paying claims in full up to the sum insured and have no intention of introducing an average clause. The BIA should *make a statement* on this subject. Meanwhile, policyholders could check with their insurance company *or broker* on the *situation* concerning their contract and avoid trouble by bringing the sum insured up-to-date. The companies themselves could do *much more in this respect to* guide policyholders, perhaps they now will.

No one loves a landlord

TAXATION

DAVID WAINMAN

ALL OF US have, or have had, a love-hate relationship with our landlords. Owning property, and deriving an income from *letting it,* has never *throughout* history been the way to make friends although the great landed families certainly could and did influence people.

Nowadays it is a commonplace that landlords still deserve all the kicks they can be given, but that the ha-pence should be even fewer and further between. *And many of those landlords* would say that the unkindest kicks of all are those of the dreaded taxman.

Property taxation has an even longer history but taxmen recognised when income tax was first brought in that landowners were eminently suitable subjects. All those who owned land, whether they let it or occupied it themselves, were charged under the original Schedule A *on* the "profit" derived from ownership, while those whose land was not used for *trading* purposes were charged under Schedule B on the "profits" of this unprofitable occupation. This may be a surprising concept to those who are used to *thinking* of income tax as a tax on income, and to thinking of income in terms of cash which comes in (net after expenses have gone out). "Profits" in *the original* enactments bore little relationship to our modern accounting measurements of the outcome of our trading operations.

Taxmen have a great sense of *history.* They are proud to be able to trace the original concepts of income tax through into to-day's legislation, and those taxpayers who would understand today's law would do well to find out ho wit originated. We must however not be *cynical about our tax gathering* historians: It is not true that they share the Bourbons' attributes, of learning nothing and forgetting nothing.

They learnt, in fact, to accept a fundamental re-writing of property taxation 15 years ago —it is now again called Schedule A, but is structurally very different from its predecessor. But the ghosts of the old law still haunt us.

Schedule A now taxes rents from land and buildings. It sweeps in at least some part of any premiums on the grant of leases (for periods up to 50 years), and also deems the landlord to have received something equivalent to a premium if his *tenant is required under the* lease to carry out works on the let property.

From that rental income may be deducted the costs of repairing insuring and managing the property, to the extent that those costs fall on the landlord, *and there may also be deducted* any rent which the lessor himself has to pay and amount of the local authority rates if he pays them. Depreciation is not recognised as an item warranting a deduction—except in the case of those buildings for which capital *allowances have* been specifically written into the law—industrial buildings, agricultural and forestry buildings and works, and very recently, hotels.

Complementing the absence of any allowance for depreciation is a specific prohibition against deducting the cost of improvements. This is drawn in the ancient uncompromising terms — an improvement includes any work which put the item concerned into a better state of repair than it was in when acquired. This distinction between repairs which are repairs, and those which are something more, was accepted by the Courts in 1923 when *they decided* that the Law Shipping Company should not deduct the costs involved in bringing the ss Duns Law to a state of seaworthiness acceptable to Lloyds, after the years in which regular surveys had had to be postponed because of the war.

Law Shipping was for many years the leading case distinguishing repairs from improvements. It was not fought in reference to land and buildings assessable under Schedule A, but to an asset used for trading *purposes. The deduction* was claimed, and was held not to be available, under the rules which quantify trading profits—the rules known as Schedule D. These last mentioned rules are closely inter-connected with accounting methods of arriving at profits, and as accounting develops they change in a responsive way. Thus, the "deferred repairs" prohibition has, so far as traders are concerned, been largely removed by the Courts in the more *recent Odeon Theatres case.*

But the ghost-ship Duns Law still sails around Schedule A. And it is not the only ghost. The tax charge in its original form applied whether or not rent was received. This concept has been quirkily preserved, in a *provision requiring the landlord to* pay tax on rents which he does not receive. His only escape is to show either that he had to forgo rent in order to avoid hardship for the tenant, or that the tenant defaulted and all reasonable steps taken by the landlord failed to elicit payment.

Landlords who let their land and also provide services to the tenant have always been assessable additionally on those services. It is here that many landlords feel that the Revenue are being unduly harsh. Substantial property owners will have their service activities recognised as a *trade; the deductibility of* expenses before profits are arrived at will be reasonably generous, and those profits themselves are earned income.

Not so for small landlords. The letting of furnished accommodation is regarded as comprising the "*service*" of supplying use of furniture, as well as the straight letting of property. The law suggests, however, that the two should be assessed together under Case VI of Schedule D.

This is a very poor relation of the arrangements under which trading activities are assessed—expenses are less generously admitted and the resulting income is opprobriously characterised as unearned. If expenses exceed rents in a particular year, *this* "loss" cannot be set against other income; it can only be carried forward against succeeding years rents. And while a trader ca nchoose his accounting period, and is given as a matter of policy the benefit of a previous year basis of assessment, the case VI landlord suffers the aggravation of the "actual" basis, with tax *demanded and paid every year* on an estimated assessment, and then a revised figure agreed only after the fiscal year has ended.

Landlords who put their backs into their jobs (as well as standing with them against the *wall) frequently fight the* Revenue's parsimony. Sometimes they win, and sometimes they despair and give up. No one loves a landlord, but it is just possible to believe that a system which discourages them to the point of giving up is the poorer as a result.

A licence to collect deposits

Official control of banks and other deposit takers will be strengthened and extended under planned legislation.

BANKING

MICHAEL BLANDEN

FROM THE point of view of the general public, the most important part of the proposed banking legislation published in draft form this week is the plan for a deposit protection fund. This will give the small saver a guarantee that if he puts his money with an institution which later goes bust, he will at least get back three-quarters of the first £10,000 of any deposit.

The *fund* proposal, put into the Bill against the opposition of the big banks, is a reflection of the recent experience of the UK during the fringe banking crisis of 1973-74. Because the Bank of England was able to rally the big banks round to provide support for the institutions hit during that traumatic period, depositors in fact did not lose their money. But there can be no guarantee that such an ad hoc arrangement could be repeated in future if a small deposit-taking institution got into trouble.

The amount of the protection has, however, been limited to 75 per cent. The reason for this is to ensure that some incentive is retained for the individual to exercise his judgment in deciding where to put his money.

If he is tempted by a higher interest rate offered by an institution which is of less than first rank, then he has to accept at least some risk. At the same time, however, the establishment of the fund will provide a final safety net to catch the victims of any institution which slips through the *extended* system of official supervision which will be set up by the legislation.

Though this will have less direct impact on the individual, it is the more important part of the draft Bill. The new system is needed in any case to enable the UK to meet its obligations under the EEC directives on the harmonisation of banking regulations. It will also complete the process of tidying up the mess exposed by the fringe banking crisis.

There is no doubt that one of the elements which contributed to that problem was the widespread confusion in the mind of the public over the significance of the various forms of recognition given to banks. Some of these applied only for very limited purposes, and did not signify that the institutions concerned were subjected to rigorous supervision by the Bank of England. Yet they were able to advertise themselves as offering a banking service with all that implied for public confidence.

That will now finally be stopped. *At the same time,* the most significant innovation in the Bill is that it will introduce for the first time in the UK a comprehensive system of licensing for all deposit-taking institutions under the control and supervision of the Bank. The *system will have two tiers, the* recognised banks and the licensed deposit-taking institutions. At the top will come the recognised banks. These institutions will include *for* certain all the leading banks—probably totalling around 270 —though there are certain grey areas.

They will be subject to similar type of supervision to that now applied by the Bank, involving regular returns *of* their figures and discussions with Bank officials. They will *be exempted from the licensing* provisions which will apply to the rest, and with a few special exceptions *such as the trustee* savings banks and the renamed National Girobank will be the only ones allowed to use the name bank and its derivatives.

Other institutions which take deposits will be required to gain a licence from the Bank and will be subject to a more formal kind of supervision. This measure will considerably extend the Bank's writ. Already, in the wake of the fringe bank crisis, the Bank has substantially increased its supervisory staff and widened its coverage to take in on a more or less voluntary basis some of the institutions which would not historically have been regarded as *full banks.*

There is some uncertainty about just how many institutions will eventually come forward for licences. Some may drop out because they are unable to meet the requirements to qualify for a licence, which include for new entrants a minimum asset level. Out of the substantial number of small deposit-taking *institutions which at present* operate around the country, the best guess is that there could *eventually be around 200 to 300* which will qualify for licences.

The Bank's extended supervisory role should provide the best protection against any repetition of widespread collapse among deposit-taking institutions. While it will have *statutory* backing for its supervisory function, however, the Bank has succeeded in retaining *a good deal of flexibility in the* way in which it will exercise its new powers.

The proposed legislation contains only minimal figures among the requirements to qualify for a licence or for recognition as a bank. It avoids setting out detailed ratios of capital and liquidity on the lines common in many continental countries.

It allows the Bank scope for subjective judgment and for *taking the views of the rest of* the City into account in determining the appropriate status of *an institution. And it enables* the Bank to keep the main features of its traditional approach *to supervision* on which it has laid great emphasis —progressive, participative and personal. It is a style of regulation which has been aptly *described as "vicarious* participation in management."

From the point of view of the *banks and institutions* themselves, this is probably welcome. No industry can be expected to be enthusiastic about the introduction of statutory controls over is activities. But on the whole the banks recognise the need for improvement and the inevitability of legislation, and if this has to happen then they would prefer the Bank's informal approach to the possible alternatives.

Both the finance houses and *the banks,* the two *main* sectors affected, have however found cause for concern in the proposals. They have already expressed their worries in their representations to the authorities during the period since the official proposals were first outlined in the White Paper published nearly two years ago. They can be expected to return to these issues in *further* comments which the Government has inviatd on the draft Bill.

The *main concern* of the finance houses is related to the limitation on the use of banking names. A number of the companies involved have become accustomed in the past few years to describing themselves as carrying on a banking business. They are worried that their public image will suffer if, as licensed deposit-taking institutions, they no longer enjoy this privilege.

Mr. Joe Skelton, the present *chairman of the Finance Houses* Association, has himself a particular interest since his company, Wagon Finance, has a subsidiary called Bank of Europe, a name which it may *have to abandon.* And the finance houses will continue to argue that the legislation could *present a threat to their public* credibility.

The main worry of the big banks has been over the deposit protection fund. The clearing banks have consistently argued that their own security is unquestioned and that they do not therefore need the protection *of a special fund.* They have maintained that they should not be required to put up money for a fund which will in effect provide protection for depositors in smaller institutions which are competing directly with them for money.

The Government, however, has insisted that the fund is required. In this situation, it is *obvious that the clearing banks* will have to put up the bulk of the money to make it credible. The *initial* £5m to £6m call on the institutions for the fund will not make much of a dent in their resources, but bigger calls could be required to meet special problems.

The improved supervisory arrangements should go a long way to enable the authorities to anticipate trouble among banking and other deposit-taking *institutions. It has to be accepted* though that even these will not prevent the occasional institution from getting into trouble, and the deposit protection fund will ensure that depositors are provided for.

Even at the maximum scale envisaged, however, the fund could not carry out the same job as the lifeboat. That was required to cope not merely with the collapse of a number of institutions but with a general crisis of liquidity and loss of confidence. The operation was designed as a major recycling of funds to ensure the *survival* of a number of institutions which had lost much of their deposit base.

It must be recognised, therefore, that in spite of the worries of the banks *about their potential* liability, the fund should be required only to work effectively as a source of cover against isolated cases of institutions getting into difficulties. The main protection against problems has to rest with the substantial improvements which are being made to the supervisory arrangements of the Bank of England.

In hazard

"HE FLIES through the air with the greatest of ease." But however much we admire the daredevil antics of the trapezist *when we take* our children to the circus, the life assurance companies may well take a different view when he applies for life assurance. In all probability they will say that, no matter how experienced he is, his job carries an extra mortality risk, and charge him extra on a life assurance contract. That might be an extra £2 per £1,000 assured—or the guaranteed minimum death cover.

North Sea oil development is likely to do wonders for the UK economy. But the men who make that development possible are not viewed favourably by the life companies. They are being charged very heavy extra premiums on life assurance contracts, varying from £3 per

ASSURANCE

ERIC SHORT

£1,000 assured for supervisors, to over £10 extra per £1,000 assured for divers.

The charge made by life company actuaries for death cover is based on normal mortality rates. It is the task of the underwriter to make the appropriate loading to the premium rates, in cases where he thinks the mortality risk is well above average. Certain occupations are considered to carry an extra risk, notably those in which the individual climbs off the ground or disappears underneath it. Individuals such as steeplejacks, tree fellers and surgeons, and demolition workers come into the first category, and miners into the second.

But many life assurance contracts these days are taken out for savings purposes only. The *death cover is simply provided* to ensure that the policy qualifies for tax relief. Nevertheless, someone in a hazardous occupation will get a lower return for his outlay than those of us who are reasonably fit and keep our feet firmly on the ground. The table shows the effect on the ultimate return from a with-profit endowment policy issued by a leading life assurance company, to people in two hazardous occupations—a face worker in a coal mine, whose additional premium (given that he is not handling explosives) is small, *but significant, and* a North Sea diver, whose rating is severe. There is a definite penalty for such people when they use life assurance as a way of saving.

The number of such cases is comparatively few, the underwriting tends to be done very much on an individual case basis, and the gut feeling of the underwriter is all important, since statistics are scarce. Thus there tends to be a wide discrepancy between charges. Some life companies will accept that certain occupations are normal risks, whereas other charge. So it pays to shop around.

The linked-life companies are much more aware that investors use their policies for savings, rather than protection. In cases of occupational risk they usually offer the option of a lien on the death cover: that is, the guaranteed *minimum* death cover on the policy is reduced, and this reduction is gradually decreased as the value of units rises. In this way the percentage of premiums invested in units remains unaltered. Otherwise, if an extra premium is charged, the proportion going into units is reduced. Anyone seeking traditional with-profits cover should als oenquire whether a lien is available.

Some occupations carry a health risk, rather than a risk of accident. The Office of Population Censuses and Surveys issues statistics on occupational mortality based on the decennial census. The latest, issued earlier this year, makes interesting reading for a journalist — with insurance brokers, we have a high incidence of cirrhosis of the liver. In vetting anyone who follows such an occupation, the life companies tend to be more rigorous in their medical require*ments: and if these are met* satisfactorily, then no extra premium would be charged.

If a policyholder with a *hazardous occupation* changes his line of business to a less hazardous type, then life companies are usually prepared to remove the extra premium, subject to medical evidence that the damage has not been done already. If a policyholder takes up a more hazardous type of occupation, then no extra premium is charged.

You may have a humdrum occupation, and get your thrills from weekend sport. If the sport in question is private flying, motor racing or hang gliding, you will be charged an extra premium *if you pursue* it at the time of taking out the contract, but not if you take the sport up subsequent to effecting the contract. And the rating would be removed if you later decided on a more placid form of relaxation such as golf.

Estimated benefits on a with-profits contract for a man aged 29. Monthly premium £20.

	Sum assured £	Estimated maturity value £	Reduction %
	Period 10 years		
Normal occupation	2,164	3,753	
Miner on coalface (a)	2,125	3,685	1.8
North Sea diver (b)	1,981	3,435	8.5
	Period 25 years		
Normal occupation	5,730	17,422	
Miner on coalface (a)	5,462	16,608	4.7
North Sea diver	4,603	13,995	19.7

Figures supplied by Equitable Life based on current bonus rates.
(a) Extra premium for occupation at the rate of £2 per £1,000 sum assured.
(b) *Extra premium for occupation* at the rate of £10 per £1,000 sum assured.

Standard Life opts out

MUTUAL LIFE assurance companies belong to and are run for the benefit of the with-profit policyholders. At least, that is the theory behind the mutual concept. In practice it means *that the* boards are self-perpetuating and can operate with a freedom from scrutiny that proprietory companies could never hope for from their shareholders. But the evidence —high bonus declarations—suggests that by and large this freedom is not abused, that the activities of the company are conducive to the benefit of policyholders. This week, however, we saw exceptional evidence of responsibility from *the Board of Standard Life*, the largest mutual life company in the EEC.

Standard Life has decided *that, although* its Canadian business has been flourishing, there was a distinct risk that business operations in that country could become much more onerous and therefore much more expensive. It foresaw a possibility that Canadian business might have to be subsidised by UK policyholders, to the detriment of their bonus rates. At present the company is among the very top for with-profits performance over the longer term, and it needs to stay there if it wishes to grow in the UK.

So when Manufacturers Life made an offer to take over the Canadian business, the Board of Standard Life accepted. Manufacturers Life is not making direct payment for the business as such, but Standard is only handing over C\$1.5bn of its assets in Canada to cover the liabilities, and intends to keep C\$200m of the free *reserves for the* benefit of its UK policyholders. This represents a fair return on the C\$50m invested 20 years ago. If the company had waited for the situation to worsen, it might well have had to pay to get rid of the business.

Standard will however have to change the heading on its notepaper. It is not the largest mutual in the EEC any longer.

Worldly wisdom for the factotum

RATHER LIKE the barber of Seville, insurance brokers are turning out to be—in the financial sphere at any rate—all things to all men. And it's not difficult to see why. They are far more accessible than the average stockbroker; far less intimidating than the average solicitor or accountant. There's no need to fear, in visiting an insurance broker, that you will be shown the door because you have less than £5,000 to your name; there's no need *to fear*, either, that the bills will affect the housekeeping for months to come. Small wonder that the average consumer, welcomed *with open arms* and secure in the knowledge that there won't be a hefty price to pay for this enthusiasm, neglects to ask himself the vital question: does this man know what he is doing?

In many cases that doesn't matter: the answer will be yes. *But it is an unfortunate conse*quence of their accessibility, that insurance brokers are occasionally asked to do things *for which* they have neither the training nor the experience. Notably they can be asked—and to an increasing extent they are being asked—to provide investment advice. Granted that it's only the horrors that float to the surface, the results can be disastrous.

Robin Boyle has seen some of them since he started Hoare Govett's Unit Trust Advisory Service six months ago. He tells one story of an unnamed client who inherited £27,500 back in 1972, went along to his *friendly* insurance broker to ask what he should do with it, and was advised to put the whole lot into a property bond. And the dreadful part to that story is not that it was done, but that it's so easy to see why it was done. The property bond in question had, after all, been

INVESTMENT

ADRIENNE GLEESON

one of the very best performers for the whole of the preceding five years.

There are two reasons to fear the consequences when insurance brokers set out to give *investment advice*. The first is the more obvious and the less worrying: it is that it is both more convenient, and more lucrative, for a broker to put his client into some form of bond than it is for him to sort out an alternative—a portfolio of unit trusts, for instance. And the fact that the investor might—like Robin Boyle's client—be in his 40s, gainfully employed at a comfortable salary, and in no need of the withdrawal facilities, is not necessarily going to weigh sufficiently heavy in the balance.

But with any reputable broker it will. He is, after all, likely to be on the "white list" of the Unit Trust Association, and therefore eligible for the marketing allowance which brings the commission on unit trusts to within half a per cent of that available, under the Life Offices Association's guidelines, from the life assurance companies. What is far more worrying, with such a broker, is that he is likely to approach the whole question of investment *in a spirit of* undue innocence.

This it not a problem to be solved by requiring that the broker who would give investment advice should have some form of academic expertise. Investment is not an exact science, and attempts to cap*ture its essence for examina*tion purposes have proved a pretty dismal failure. As any stockbroker will tell you, the content of the examinations of the Stock Exchange itself are a long way short of day-to-day reality. Requiring a certain degree of experience is, however, *a different matter*.

Providing advice through one cycle of the Stock Exchange, from boom to bust, ought to be enough to cure anyone of the optimism which experience of the first phase is all too likely to induce. So it seems reasonable to propose that no-one should give investment advice on his own responsibility, until he has been in the business of providing that advice under supervision, for at least five years. The period in fact ties in well with the British Insurance Brokers' Association's own recommendation, that those of its members who have not taken professional examinations should have at least five years' practical experience behind them. Investment experience will not, of course, necessarily qualify your insurance broker to make your fortune for you—but it should curb that unbridled enthusiasm which might induce him to lose it.

It has to be said that acquiring such investment experience is going to be expensive—if, at least, it is to be done properly. Some brokers may be able to buy in the expertise they require, as Towry Law has decided to do. Most small brokers, however, will not be able to afford the extra overheads. The conclusion to be drawn is that they should not give investment advice. Because the alternative is that they educate themselves at the expense of their clients.

Advisors to expatriates

Beasts on the hoof, like those in the picture above, were at one point the principal form of wealth in the less-developed nations of the world. Nowadays—particularly in the Middle East, where this picture was taken—wealth is quite as likely to mean the ownership of a flat in London or of a fleet of Mercedes. For the expatriate working in this or other parts of the world, it's likely to mean a cash flow very much higher than that to which he (or she) has been *accustomed*.

But with that affluence will come perplexities, quite possibly dire problems, in respect of tax, of foreign exchange regulations, of housing, schooling, pension rights, investment, and assurance. *A young man with no dependents* might be able to shelve the lot—though at the risk that the lot, compounded by time and inattention, would be waiting for him once he again set foot on British shores. Anyone else would be well advised to tackle them as they arise; and even better advised to tackle them beforehand.

Only who is going to provide him with assistance in doing so? Chances are, if he is already on location when the problems start to occur, that there will be no shortage of would-be helpers with a welter of more or less ingenious —and more or less expensive—solutions to propose. Talk to anyone who does business with expatriates now, and they will tell you there is no shortage of "cowboys" on the ground. The more reason, then, to establish a connection with someone with a reputation to defend, and *preferably before you bid this green and pleasant* land farewell.

With this in mind we have taken a look at the services offered, and the charges made, by a handful of institutions which serve the financial *needs of the overseas resident. It should be* stressed that these are not the only respectable companies in the field: all the big clearing banks, for example, claim to be able to serve the needs of expatriates through their trust departments. *But this is a reasonably representative selection*, which will give you an idea of who to go to for what—and how much it is likely to cost you.

TOWRY LAW, the big UK insurance brokers, set up in the Channel Islands this week, in order to provide a service specifically directed at the needs of the "significant" number of its clients who have decided to live and/or work abroad. Such clients are, in the brokers' experience, most likely to require advice on investment of the savings now piling up in bank deposits, or on the deployment of capital sums but in addition Towry Law (Channel Islands) will cope with basic questions on the mechanics of things like renting out UK accommodation, and providing for school fees.

If you need advice on something really complex like establishing or unwinding overseas trusts — or if you need specifics out of the brokers' normal field of operations, like *a will — then there* will be normal legal charges to be met. Otherwise the brokers reckon to make their money out of commission.

The way they operate is simple enough: you get a questionnaire to fill in, which establishes your particular circumstances: Towry Law sorts out your requirements, and after that it's up to you to get in touch if matters change. However, be warned: Towry Law don't pretend to be investment experts, and they certainly won't make your decisions for you. If you are a complete *tyro*, and *want your* hand held through manoeuvres more complex than the purchase (or sale) of offshore funds, you will have to look for advice elsewhere — and pay more for it.

Godwins, the pensions and employee benefits consultancy arm of the former Leslie and Godwin, tends to tackle the problem of the expatriate from the other end — that is, *through the employer. Godwins* sets out to establish, for any employer sending people abroad, what the present and future remuneration of those people should be. However, the firm will also provide personal financial planning for the individual expatriate, either at his company's expense *or in* the expectation (though not the certainty) of making *enough to cover the cost of the* service from commission on the investment packages arranged.

Like Towry Law, Godwins doesn't pretend to provide more than basic straightforward investment advice; and if you are in dispute with the Revenue and need an accountant, or enmeshed in foreign exchange problems or short of a will, the firm will send you off to the relevant experts. "We pinpoint *the areas you should look at*," says Peter Wilson, the director in charge of personal financial services.

Ideally Godwins likes half an hour with the client before he goes abroad, but it can and will accept business at long distance.

Expatriate Financial Advisors like rather more than half an hour with the client himself: they like, according to managing director Harry Brown, an interview with his wife as well. Not that Mr. Brown declines to provide the usual run of his services—advice on tax, foreign exchange, lease of a UK home, *education of children, life* assurance—to those clients who have not had an interview, but "I will not counsel on investment a guy whom I have not met," he says.

He works on the principal that the protection element of life assurance should be provided in sterling, but that this apart savings contracts should be in another and stronger currency. He asks for, and almost invariably receives, discretion in the management of his clients' investments, arguing that most expatriates will be too cut off from financial markets *to be able to make the decisions* required as fast as they should: but "I'm immensely conservative on investment," he says: "I always treat the guy's money as though it were my own."

Some 60 per cent of his clients come to him at the recommendation—and the expense—of their employers: the rest as individuals. The initial interview is free: but if you get taken on as a client you will thereafter pay £100 a year—plus, of course, the hidden element in commissions on life assurance or other forms of investment.

Carter Breed and Warburg is a Jersey-based investment management company which specialises in looking after the requirements of expatriates—though they have to be expatriates with a certain amount of money. There is no *formal minimum which the* company will accept for its discretionary service, but its charges are pitched at such a level that "it would not really make sense to ask for our service unless you had £15,000 to invest, or were rapidly building up to that sum."

Having assessed their client's requirements—and "we do not like to take any one on without first seeing him"—the company then takes over the management *of his* investments completely. They aim both to run equity portfolios and to use the money markets; and they differ from the normal run of investment managers principally in that, in addition to investment objectives, they keep a close eye on the client's foreign exchange and tax position, and the underlying currency in which he is invested.

The charges are as follows: a flat £75 per annum to cover *running costs, plus ¾ of 1 per* cent per annum on portfolios of up to £50,000 (less thereafter). In addition, of course, you would have to pay normal stockbroking commission and so forth. For the money you get a monthly valuation, a visit from a representative of the *company two to four times a* year — and, one hopes, performance.

Wives leave as they please

THE RECENT major pieces of legislation on sex discrimination and equal opportunity were designed to ensure that women are treated exactly the same as men *in almost all respects*. But the legislators have fallen down because they failed to go through previous legislation to remove existing cases of very blatant discrimination, against married women in particular. This week the Scottish Law Commission highlighted a particular case arising from the Married Women's Policies of Assurance (Scotland) Act 1880, concerning married women in that country who want to take out life assurance contracts.

Under this Act husbands can take out policies for the benefit *of their wives and children*. By taking out a policy, they automatically create a trust, and the proceeds of the policy thus form a separate estate. This convoluted procedure was designed to ensure that the dependents of the husband had financial assets which could not be seized by the husband's creditors, so it's a hangover from real Victorian melodrama. But a wife cannot take out a policy and nominate *her beneficiaries. The assump*tion, when the Act was made, was that the wife's property automatically passed to the husband.

The corresponding Act for England and Wales—the Married Women's Property Act 1882—does not so discriminate against married women. In fact it could be regarded as one of the first pieces of legislation to end discrimination, in that it allowed married women to hold property in their own name.

The Scottish Law Commission wants to end this difference in *the legislation*, and also to extend the terms of the Scottish Act so that it applies to all men and women, and so that the beneficiaries can be future husbands or wives, illegitimate children or even grandchildren.

However, the drawbacks highlighted by the report of the Commission are more apparent than real, as far as the life assurance industry is concerned. It has learnt to live with the law in transacting its business. If a married women in Scotland wants her husband, or children, or grandchildren or anyone else to benefit fom the proceeds of a life policy taken out in her name, then it is a comparatively straightforward matter to arrange, under the English legislation.

The Revenue discriminate

BUT THERE is one area of *potential* discrimination in life assurance against married women, and that lies in the limits on tax relief. Tax relief can be claimed on premiums on regular payments contracts, up to one-sixth of income or £1,500, whichever is the greater. But where husband and wife are concerned these limits apply jointly, even if the wife is assessed separately for tax purposes. This means that, where husband and wife have taken out separate life policies, the maximum limit is one-sixth of combined income or £1,500 for the two of them. This is discriminatory: the limits should be £1,500 on each life.

Now that the Treasury is investigating the whole tax situation of married women, the LOA *should remind it of this* anomaly. It should not be overlooked.

How the experts have performed

"INVEST in a managed fund and leave all decisions to the *professionals*." This was, and still is, the message given by life companies to investors seeking to use life bonds as investment vehicles. Their argument is that the companies are staffed by full-time investment experts who can decide on the best portfolio mix of equities, both UK and overseas, property, fixed-interest investment, and cash. But above all, they say, they will use their professional judgment to decide when to change the mix and by now much, so as to maximise the

BONDS

ERIC SHORT

profit and minimise the losses arising from market fluctuations.

Traditional life companies have been doing this for decades *with their life funds. But the* concept of a mixed fund was presented, about seven years ago, as the brand new answer to an investor's prayer.

Well, enough time has elapsed to make a considered judgment on the claims made then. This month's issue of Money *Management** has a comprehensive article that does just that. And its findings are not very flattering to the majority of fund managers. Its main conclusion is that many funds are hardly being managed at all.

The main accusation made in the article is that many funds alter the mix *of their* funds merely by channelling the new money for investment in the direction desired. This is a slow *and uncertain means of chang*ing the emphasis of the fund. And by the time the change has been made, another mix might well be very much more appropriate.

Putting new money into different investments might be acceptable strategy for pension funds, which need not realise their investments, but it is not appropriate policy for a managed fund where changes in *portfolio mix have to be quick* in order to benefit investors. If a fund's managers decide that the market is about to enter a bear phase, then they should become highly liquid as soon as possible. This is not easy, however, with a big fund; and some of the managed funds are now big (*Hambro* Life is about £200m). But one has the feeling that managers don't act more because they are scared of being late to get back into equities when the market takes off again, as many managers were in 1975.

The article also points out *that, while a property holding is* essential for any fund, it should not be too large. It is difficult to expand or trim such holdings quickly, and they have to be held for their long term prospects.

The tables to Money Management's article give very com*prehensive details of fund com*position and size, together with performance over the past three years. Details on the proportion of assets held in each sector are invaluable; but, without wishing to be churlish, the exercise would have been more valuable

MANAGED FUNDS PERFORMANCE

Value of an investment of £1,000 made three years ago

	Value £
Top funds	
Irish Life Managed	1,775
Norwich Union Managed	1,673
Royal Shield Managed	1,508
Vanbrugh Managed	1,508
Schroder Managed	1,489
Bottom funds	
AMEV Managed	1,161
Trident Managed	1,120
Oaklife Managed	1,076
Canterbury Managed	1,019
Property, Equity and Life	1,003

still if the change over the past year had been shown.

As to the conclusion: it is essential in choosing a fund, to ascertain the investment philosophy. This can be done by studying past performance and reading current circulars from the companies—which is really a job for the professional adviser. We show, above, the best and worst performers over the past three years. It is interest*ing to note* that the best are from traditional life companies.

Vanbrugh is a member of the Prudential group, which have kept extremely quiet about their achievements.

* *Money Management is obtainable by applying direct to Fundex Limited, Freepost, London EC4B 4QJ.*

From persuasion to a scene in store

CAVEAT EMPTOR was for centuries the maximum that applied to most sales. To some extent it still is, especially as the law regarding misrepresentation applies only to statements that are made, and not to the failure to disclose defects. However, where goods are sold in *the course of a business* (probably the most important type of transaction to the average consumer), this maxim holds less sway than it used to do, and the buyer has been given certain

CONSUMERS' RIGHTS

HELEN WHITFORD

basic rights. The most important of these are that the goods be of merchantable quality, be fit for the purpose for which they are intended, and correspond with their *description—for example*, that they be of the colour specified.

Goods are "of merchantable quality" if they are as fit for the purpose for which such goods are commonly bought, as is reasonable to expect in all the circumstances of the sale—having regard to the description, for example, and the price.

This protection will not apply, however, where a defect has been brought to the buyer's *attention* or he has made an examination of the goods which should have revealed it.

Where the buyer makes known to the seller a *particular* purpose for which he wants the goods, there is an implied term that the goods will be fit for the purpose specified. This protection applies, too, where the purpose is obvious—for example, that shoes should be fit for walking. These rights cannot be modified by the seller in a consumer sale, and any exclusion clause purporting to modify them will be void.

Right without might is now the main problem facing the aggrieved purchaser. Although there will generally be no problem when confronting a reputable dealer with a genuine complaint, this unfortunately, is not always the case. Some unscrupulous shopkeepers, knowing that the law is slow, expensive and rather frightening to the average customer, will not comply with their legal obligations because they can be *relatively certain that they will* not be enforced. And other shopkeepers are themselves woefully ignorant of the duties they have towards their customers.

A common example of this is the shopkeeper who genuinely believes that complaints should be taken up with the manufacturer. This is not so. The ground for complaint is a con*tractual one particular to the* buyer and seller. Even though this might set up a chain reaction, and found a claim between the seller and the manufacturer, the chain cannot be short circuited. It is the seller who is ultimately responsible to the consumer.

Many shops will readily repair or replace defective goods, to ensure that they maintain the goodwill of their clients. However, this is not a remedy recognised by the law, and the buyer cannot insist on it. He (or she) can, however, insist on money *to compensate for the fault*, or losses incurred because of it, or money back and the right to refuse or return the goods.

*There are many ways of try*ing to enforce one's rights, from friendly persuasion to creating a scene in the shop, or threatening to write to newspapers or to the consumer programmes on radio or television. All have been known to work. Another tried and tested method in the case of large companies is to write to the managing director, explaining the difficulty. "Going to the top," like this, can often produce a *volte face* of spectacular quality from what was the most recalcitrant of shop mangers.

If all else fails—and remem*ber to keep copies of any corres*pondence—then the law is always there as a last resort. Until recently, because of high legal costs (which will not be reimbursed in a small action even if it is successful), it was very rarely worth while to go to court over the average con*sumer dispute*. To bridge the large gap between rights and remedies, court procedure in the county courts has now been simplified so that ordinary people can bring small claims without legal knowledge or the use of lawyers.

Each county court has an office where *inquiries* can be made, and the staff are experienced and helpful in assisting with the various formalities that have to be gone through, from issuing a summons to obtaining judgement. For a small fee (£2) the bailiff of the court will serve the summons, or—if the *defendant is a company*—it can be sent by post. A summons in itself can often work wonders.

PROPERTY

Keeping on the move

BY JOE RENNISON

PEOPLE only move homes because they must. This may sound a sweeping generality and indeed downright inaccurate. But in fact it is true in all cases although many would differ on the definition or the validity of the "must." If we can indulge in semantics for a moment let us examine the motive behind the urge to take up one's bed and walk or take a pantechnicon.

If your house is due for demolition—compensation presumably forthcoming—to make way for a motorway you must move. If it falls down through old age or Act of God you must move. If the Jones's have demonstrated that they have moved up from B1 to A1 advertising fodder by moving up the hill who could possibly resist following suit: one must. Promotion—or indeed demotion—in one's job produces the same need: changing from teaboy in Surbiton to Managing Director in Scunthorpe could mean commuting difficulties.

If the neighbours prove difficult and the lady wife says "We must move" that is generally more in the nature of a command than a suggestion. Retirement often requires a move, more often than not for the wrong reasons and with unfortunate consequences. Even they who are motivated by the "change is as good as a rest" reason find it is compelling and must be satisfied.

I am convinced that there is even a category who do not want to change houses but simply want to move—continually. There they sit in large removal vans traversing the country not seeking rest or permanent habitation but happy in satisfying the urge that they must move. Maybe like the Flying Dutchman they will only find "Mon Repos" through the love and kiss of a pure estate agent.

Whatever the reason, however, one must know what one is looking for and how to find it. Mr. Michael Bruges of Humberts in the latest issue of their house magazine gives some tips to those on the move.

How does one set about the task? he asks. "First of all it is important to establish what the critical criteria are from one's own point of view. Usually the number of bedrooms is a vital factor and whether the house is to be located in the country or in a town; but, most vital of all, the price to which you are prepared to go. Declare your hand to the agent: there is very little point in telling him a figure below your ceiling because this may well rule out his sending you details of more expensive and attractive properties. Have your own house assessed for value but do beware of the agent who offers free valuations; be prepared to pay a valuation fee which most agents will waive when selling your house. You get what you pay for in valuation as in most other forms of professional advice.

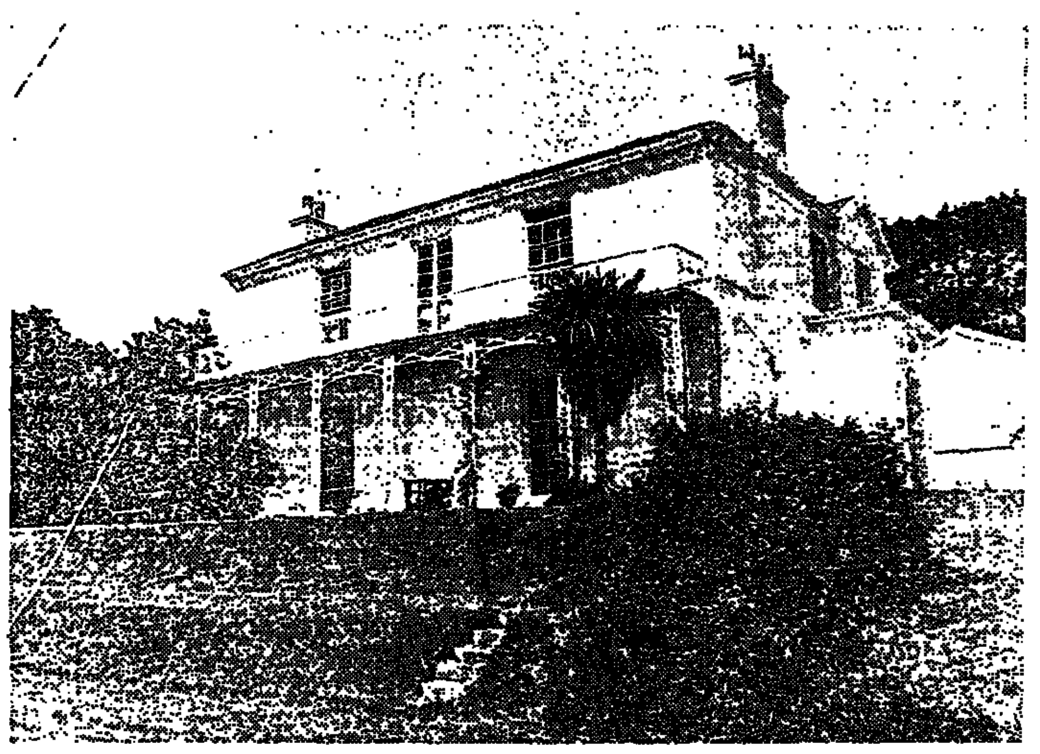
"The problem then arises at what stage should one sell one's house? It is very much a chicken and egg situation, but as a rule of thumb you cannot go far wrong using this maxim; in a bull market, buy first; in a slack market, sell first. The ideal situation is, of course, when you can bring both processes to the boil simultaneously."

Perhaps that could have been phrased better. At first I thought he meant one should act when a bull and bear market were happening at the same time. Such a surrealistic occurence would be lovely to behold.

After offering advice where to look and how to examine the properties he then gets down to the nail biting bit of clinching the deal which he likens to a well-known card game.

The game of poker then begins; how do you set about securing your quarry? You do well to appreciate that it is a game of poker: you must take cognisance of the setting (or scenario as the BBC are pleased to call it). Try to ascertain how long the property has been on the market; this may give you a lead as to how desperate the vendor is becoming. Alternatively it could point to the fact that he is holding out for an excessively high price. Ascertain too, whether it is a private sale or whether the individual has taken professional advice. If it is a private sale you must be sure that you are in a position to spot the bargain and here it may well be worth your while to take professional advice in the form of a valuation.

In a bull market, such as the present, you must be prepared to go the full price. If you offer something much below the asking figure it will be rejected, but worse than this, your offer may well be used by the vendor to build upon. If you cannot run to the full figure, make a cut-out offer with a time limit by which you must receive an answer and make it quite clear that you will withdraw your interest absolutely if the offer is not accepted.



A house, which estate agents Betteswortbs of Torquay consider to be one of the finest examples of late Regency domestic architecture in South Devon is on the market. It commands country and sea views across Lyme Bay towards Dorset and southwards to Hope's Nose Headland and the Ore Stone two-thirds of a mile off Torquay. Sale price is £85,000. The elegantly proportioned house, "Brimhill," Maidencombe, near Torquay, built in the late 1840s, stands in two acres of gardens stocked with mature flowering shrubs and trees, including magnolia and mimosa. The area is part of a coastal conservation zone. The property is built largely of stone, externally rendered under the slate roof. An attractive 42 feet ironwork verandah with a balcony above, runs the full length of the house. Five bedrooms and large reception rooms.

Welsh wizardry

WHAT IS IT that makes the single women of Wales so much better off financially than their male counterparts? Some statistics recently unearthed by the Abbey National Building Society suggest they are. In the latest issue of "Homes" the Abbey's occasional bulletin on the housing market and price movements, they report:

Single women in Wales are welcome borrowers but they have not yet caught the house-buying habit. Only 6 per cent of houses were sold to single women even though they can afford to pay more than the average single man (£11,973 to £11,736).

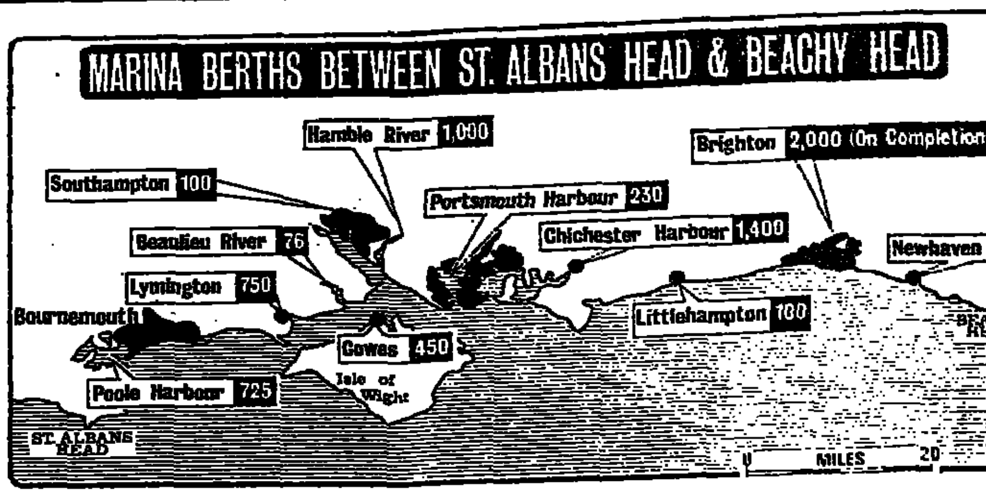
Do Welsh spinsters sit at home knitting and save money while the bachelors sing and drink beer? Is Wales a bastion of male chauvinism where the women must prove she can save more than the man before an offer of marriage is forthcoming?

On the subject of mortgages and the market in general in the Principality the Abbey comment as follows: The housing picture in Wales is encouraging for young people and first-time buyers. Fifty-six per cent of all mortgages go to first-time buyers and they pay an average price of about £10,518 (compared to the overall average of £12,362). Many houses are sold for far less: one in every two first-time buyers earns less than £10,000 and one in every six pays less than £7,500. A 90 per cent bank loan on a £9,000 property (£8,100) could be afforded by a couple where one earned £2,700 and the other £1,250. Many young couples earn comfortably more than that.

There is also no apparent problem for younger people in obtaining mortgages. Twenty-two per cent of borrowers are aged 24 or less and the average price they pay is £9,415.

The pattern of demand for different types of property has varied enormously. In the Cardiff area for instance there has been a great scarcity of semi-detached houses and prices have risen sharply. Thus in South East Wales the average price for a "semi" was £12,494 but for Wales as a whole it was £11,440.

The opportunities for first-time buyers are most marked in South West Wales. Here 59 per cent of all sales were to first-time purchasers. More than one in six (18 per cent) came for local authority housing, well above the figure for Wales as a whole. The average price for all property in South West Wales was £12,453 but one in four houses sold was terraced and averaged £8,986. Not surprisingly almost all of these went to first-time buyers.



Berth control

BOATS

ROY HODSON

You can't miss the Rank Marine International marina at Port Hamble on the River Hamble if for no other reason than that one of the yachts berthed there sports an enormous mainsail cover bearing the legend Morning Cloud in letters big enough to be read by a myopic voter at half-a-mile. Politicians know it pays to advertise.

But a more pressing reason for taking a close look at Rank on the Hamble is that it is just 10 years since the group took a policy decision that its leisure division should move into boating; and chose the Hamble to do it. Marinas were then a novelty to British yachtsmen and Port Hamble had been open for just four years. A privately-backed venture it was the first purpose-built marina complete with all the facilities the American yachtsman had come to expect, including fuel and water, power supplies to berths, a chandlery and foodshop, parking space, a well-equipped boatyard, and —most important—good security.

Rank bought Port Hamble and the sailing world shivered. Big business was moving into yachting. Where would it all end?

Ten years on it is possible to take a more relaxed view about the arrival of Rank. The group was not taking over the pastime. It was showing business acumen by being early to spot a trend.

A recent count round the coasts of the UK has produced the figure of 14,500 marina berths now available. Nearly all of them have been built since the original Port Hamble project. Between Anvil Point and Beachy Head on the south coast, where the biggest concentration of yachting activity is to be found, there are now nearly 7,500 marina berths.

The Brighton Marina, now in the completion stage, is already berthing some 300 boats at fees based upon size of vessel and pushing as high as a reported £1,700 a year for the grandest craft. The plans call for it to accept 2,000 yachts eventually together with associated hotel and housing developments which could take the total investment towards £100m. Major finance is being provided by a consortium of the National Westminster Bank, the Royal Insurance Company, EMI, and the electricity supply industry pension fund.

What sort of investment has the Hamble turned out to be for the pioneer Rank operation?

The early years were hard going. Port Hamble soon proved inadequate for the number of boat-owners wanting the Rank facilities. The company bought and developed the nearby Mercury Yacht Harbour. There are now approximately 250 boats in each marina with another 120 berths planned. Removing the Hamble mud to provide marina space for yachts of up to 10 ft draught proved an expensive business. Each marina has had to be re-dredged about once every three years at a cost of some £50,000 for each marina basin.

Rank on the Hamble accumulated a history of losses. The turn-round into profit has only come in the last three years and it has been under the management of Mike Charles, the resident director of Rank Marine International. He is not a yachtsman. There could be a lesson there for the leisure industry.

His recipe for success has been to provide facilities to a very high standard in return for admittedly high fees. To berth a boat at Port Humble now costs £16 per foot length per year, and at Mercury £15 per foot length per year.

In return the yachtsman gets all-the year round service. He knows that there will be a dock-master on duty even on Christmas Day to check his boat's mooring lines regularly.

Incidentally the old idea that marinas are for yachting dilletantes is rather hard to sustain these days. Some of the best-sailed racing and cruising boats are being kept in marina facilities simply because their owners appreciate the convenience and find they are enabled to spend more time sailing.

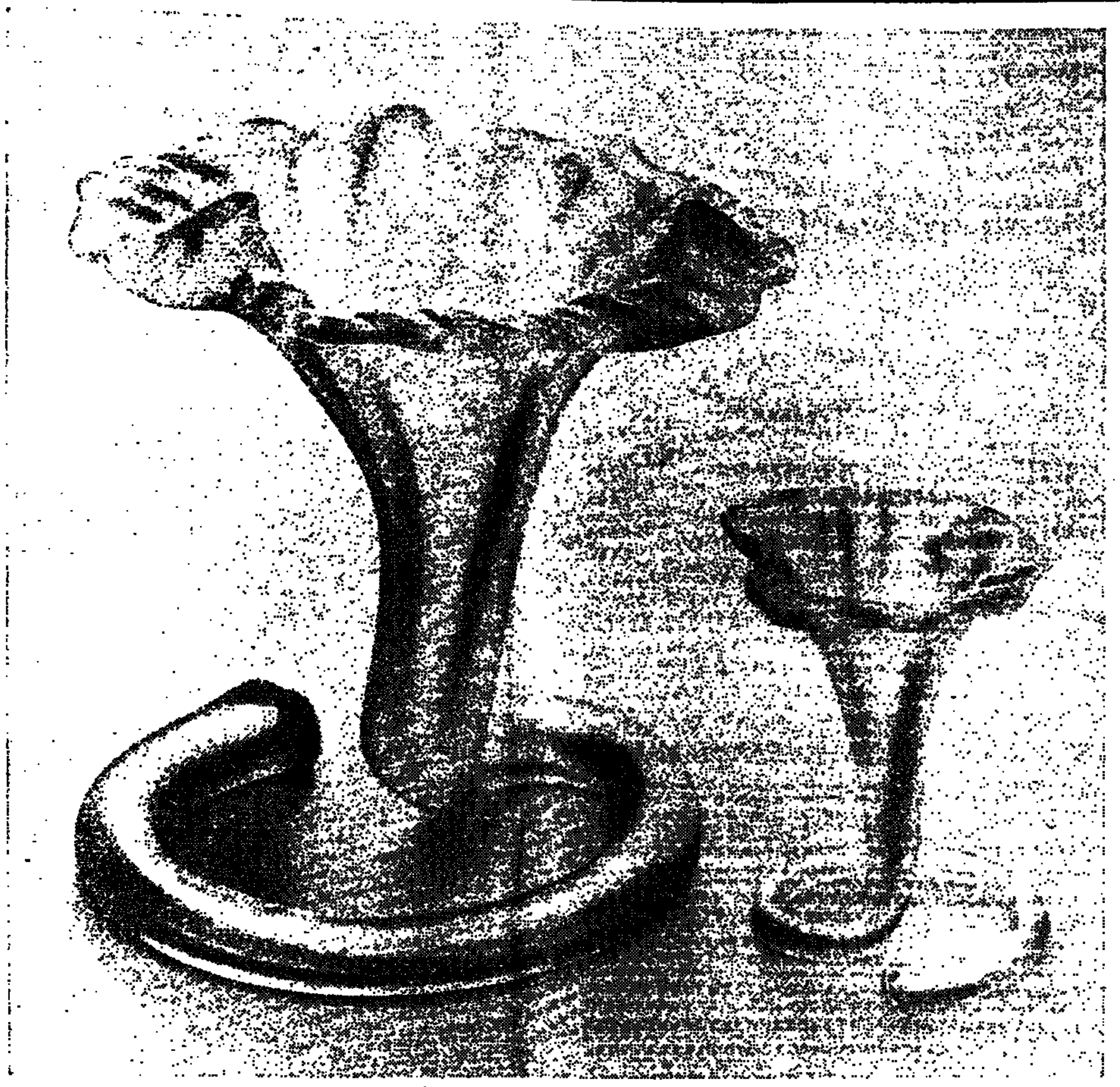
Nevertheless a surprising number of boat-owners do become victims of a peculiar disease which might be dubbed Marina Repose. Mike Charles estimates that 60 per cent of his berth holders take their boats out just once a year.

In spite of moving into profit the Rank Hamble operation is not likely to contribute a bonanza to the group. After ten years of continuous investment the profits, although undisclosed, are modest on the current £1m a year turnover. The best hope of bigger profits in the future, in Mike Charles' view is to further develop the boatyard which is now producing and completing high quality craft. Eventually he would like to employ about 100 in the boatyard which would give Rank a total staff of nearly 200 on the Hamble making it a major employer for the district.

All of which gives one a comfortable feeling of stability about the boating world. For Hamble has been a boat-building centre for well over a century.

HOW TO SPEND IT

by Lucia van der Post



Gifts from Afar

GRAHAM & GREENE is one of those pretty shops full of such charming things that one hardly dare go near it too often for fear of over-spending. It sells mainly a range of furniture and furnishing accessories, all of which would add a great deal of charm to any home. Cane is one of its great specialities but there is also plenty of pretty seconds china, basketware and kitchenware. In the three years since they've been going they've established quite a reputation for attractive, well-made, good value bargains. It's like an Aladdin's cave of a shop, a little bit higgeldy piggeldy—like a bazaar—so that the more you look the more you find.

Graham & Green has been at 7, Elgin Crescent, London, W11 for some time now and has had such a success with this look that last week it opened a new shop over the road calling it—Over The Road.

Part of the reason they opened Over The Road (at No. 4) is because they kept finding lovely things on their travels that were just a bit expensive or too luxurious to fit into the Graham & Greene image. All the stock is hand-chosen and old and new are mixed together in a delightful way. There are flowered tapestry cushions from Greece, hand-painted glasses and glass bowls from Sweden, hand-carved mirror frames from Bali, as well as a wonderfully erotic tea-set from England and lacquer-ware from China. The whole look is softer and more luxurious.

It's just the sort of shop that will make an ideal stopping-off place for unusual presents of all sorts. I particularly like their glass which is wonderfully rich and baroque-looking—a happy change from the orthodox "well-designed" glass that has been de rigueur on all the best dinner-tables for so long.

● *Some of the most unusual of the wares to be found at Over the Road, was this collection of Italian satin-finished glassware. Strongly reminiscent of the 1920s, with a very Lalique-like air, the collection is made from moulds based on those of the 1920s, and seem to me to offer a richer, more decorative alternative to the starker, more Scandinavian-type glasses most smart shops sell. Far left are two stunning Convolvulus vases. They come in four different sizes, in pink, white or lilac. Photographed is the largest size, 9" high (£12.99) and the second smallest 5" high (£4.99). Near left and above are two glasses from the same company, part of the Hibiscus range. Left is a coupe glass and right a water-glass. Both are £3.99 each. There are several other glasses in the range at similar prices.*

Photography: James Blayney

Country Charm

UNLESS you are lucky enough to have some friends who have a piece of Grahame Amey's furniture you won't be able to see it unless you are prepared to make the trip to a converted 15th century malthouse in the depths of Powys. But if you happen to want or need a piece of good, solid, hand-made, beautifully finished furniture what could be better than a summer trip to the beautiful area that makes up the Brecon Beacons National Park?

Grahame Amey started the workshop some 10 years ago but he fell into furniture making rather by chance. He had a degree in history which didn't seem to present him with many career opportunities so after working on a farm, doing a little archaeology and saving up some money working in Libya, he went to work in a sawmill while trying to get a job with the Forestry Commission. By the time he'd discovered that that wouldn't work out he'd grown to love timber and living in a peaceful and beautiful part of the country.

He used the money he'd saved in Libya to open a small workshop. The original idea was to make simple furniture in the tradition of country furniture-makers of the kind that used to exist up and down the country, but of whom few are left. He wanted to do it all by hand but in the event found that that was impossible, because it took so long that the cost of production put the ownership of a piece of furniture outside the sort of sums that most people could or would pay.

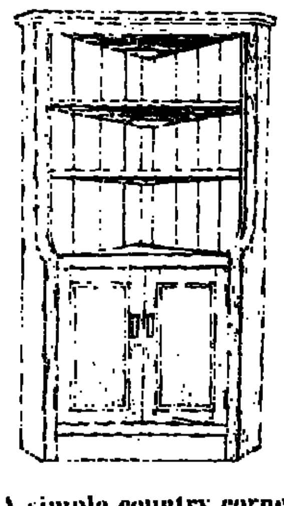
However, the workshop still uses only solid wood. Grahame Amey does most of the designing himself but each piece or group of furniture is made by just one man who has charge of it from beginning to end and signs it with his own name. The photograph illustrates perfectly the kind of furniture that he does—it is not elaborate. All of it is honest and solid and it is designed to stand the test of time. "I think we have proved that it does," says *Grahame Amey modestly*, "because the same people keep coming back to us for more pieces and quite often if their home circumstances change we are able to take their original furniture back and sell it for more than they paid for it in the first place."

They pride themselves on taking as much trouble over the parts that aren't normally seen as with the outward appearance. Cupboard units are backed in solid timber and are fixed with proper brass screws. The woods used are mainly ash or oak but if there is some wood you would *specifically like then they will* be happy to quote.

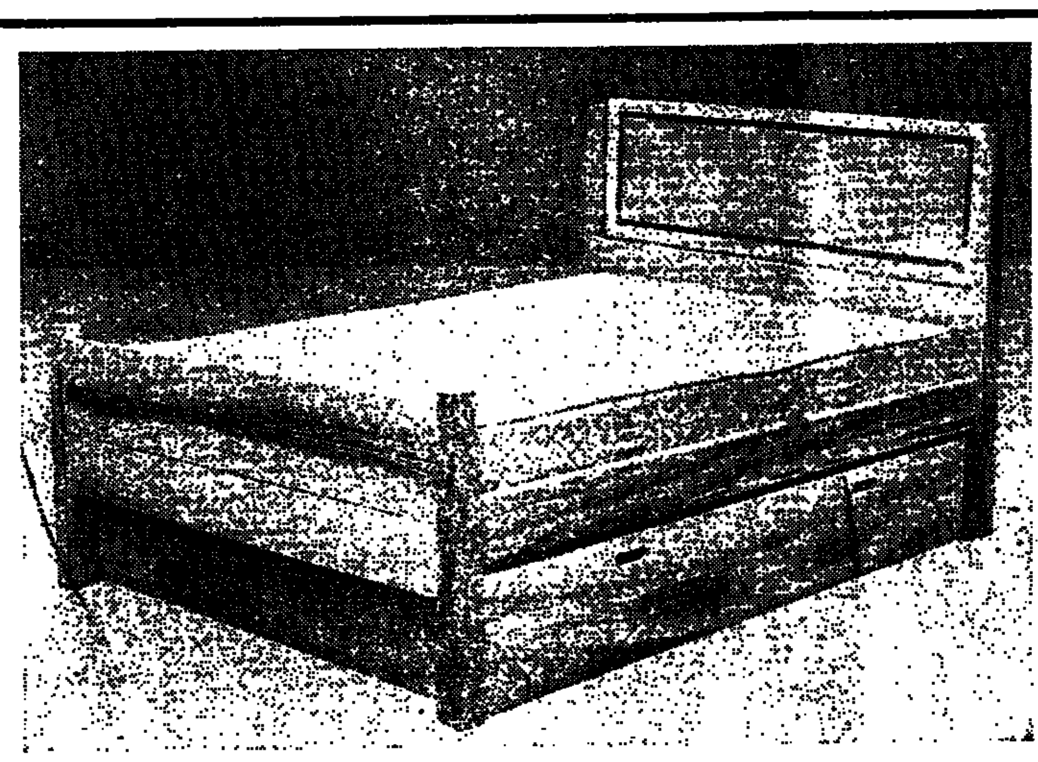
Most of their furniture is done to order but orders take only about four weeks—less time than one often has to wait for delivery of a factory-produced piece from a big store. If prices seem high, remember that the wood is solid which involves not only a higher cost for the material but entails more labour. Grahame Amey also prides himself on the fact that he pays his craftsmen a proper wage.

The sort of furniture he mainly makes are tables (there's *a particularly nice stained oak* refectory table, large enough to seat a proper family), chairs, benches, coffee tables, Welsh dressers, corner cupboards, bookcases—in other words, simple, country furniture.

If you can't get to Wales to see the workshops then they are happy to discuss details on the telephone and by letter. There is a leaflet with clear sketches of most of their basic lines which they will send to readers. Otherwise the workshops are open from Monday to Friday from 8 am to 5 pm and on Saturdays from 9 am to 4 pm. *The full address is The Granary*, Standard Street, Crickhowell, Powys (telephone: Crickhowell 810540).

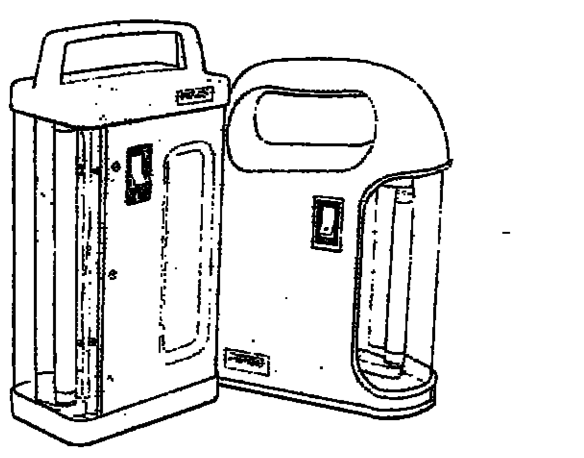


A simple country corner cupboard, typical of Grahame Amey's designs, £397 in ash



This bed in ash has optional blanket boxes on castors underneath and is £549

Light on a dark subject



ANYBODY GOING camping this summer or perhaps holidaying in a remote cottage far from electric light sources, or even those travelling long distances by car, may have need of some strong, independent light source. The only occasion on which I ever went camping I found the main requirement of a light was that one should be able to stand it firmly on the ground or table and this meant that any hand-held torch was quite useless. These two fluorescent lights from Pifco seem just the thing.

Both the lights use fluorescent tubes — the one on the left, Jupiter, has a nine-inch six Watt tube using two PJ996 batteries (and is £11.50), while the one on the right, Saturn, has a six-inch 4 Watt tube and uses eight SP2 batteries (and costs £10.50). Both of them could also work using a 12V car battery. Neither of them are things of great beauty but they are sturdy, practical and give a strong enough light for most camping, cooking and other emergency needs. They can be found in most camping, hardware and do-it-yourself shops and in branches of Halfords.

Pick your Own

VARIOUS members of my family have been fruit picking in these past couple of weeks. My daughter, just back from staying with friends in Sussex, tells me that it's becoming quite a smart pastime in rural areas. We decided to go strawberry picking on Sunday and found ourselves jostling beside a large Rolls-Royce ("Quick," said my husband, "they'll have a freezer the size of our drawing-room, so we'd better not get behind them").

We found the fruit amazingly quick and easy to pick and now have 17 lb of strawberry jam, a freezer full of strawberry purée ready for ice-creams or sorbets and we and some friends consumed several pounds of fresh strawberries on Sunday and Monday night. So, yes, my verdict is that "picking your own" is well worth it.

If you want to know where to go and when, Home and Freezer Digest has just published what must be the definitive guide to the farms that offer fruit or vegetables at lower prices if you *do the picking. They're all listed* by county and beside each farm it states what crops they grow, when the season is, as well as the address and 'phone number so that you can check personally that it is worth the journey.

While at the moment soft fruits are the most popular for picking, there are other things like boysenberries, pumpkins, courgettes, broad beans and sweetcorn, all of which you can pick in bulk and then freeze, thus saving a great deal of money and building up a pool of foods to be used in emergencies or when fresh fruits and vegetables are scarce.

The booklet is called "Pick Your Own" and is on sale now for 60p at most newsagents.

One worth remembering

CHESS

LEONARD BARDEN

A VICTORY in under 20 moves against one of the world's leading players is guaranteed to go the rounds of international chess columns. The classic recent instance was the 21st game of the 1974 Karpov v. Korchnoi match, where Karpov was caught in his own prepared homework.

What happened was an example of the dangers of too many assistants. The opening recurred several times earlier in the match, and Karpov's trainers, Furman and Geller, analysed some new ideas for Black. What they recommended to their principal had a huge technical hole which Karpov only noticed as he made his fatal twelfth move.

Korchnoi, in his book "Chess is My Life" (Batsford) recounts the incident with relish and writes: "I remember what a baleful glance Karpov threw at me before he resigned. It was said that after this game he gave up eating ..." The game appeared in this feature in 1974, but is now again topically relevant.

White: V. Korchnoi. Black: A. Karpov. Opening: Queen's Indian Defence (21st match game 1974).

The opening moves were 1 P-Q4, N-KB3; 2 N-KB3, P-K3; 3 P-KN3, P-QN3; 4 B-N2, B-N2; 5 P-B4, B-K2; 6 N-B3, 0-0; 7 Q-B2, P-B4; 8 P-Q5, PxP; 9 N-KN5, N-B3?

Korchnoi prefers N-R3, to delay White occupying the outpost square Q5 with a minor piece.

10 NxQP, P-N3; 11 Q-Q2! NxN? Better is 11 ... R-K1, when White keeps a slight edge by 12 NxN ch, BxN; 13 N-K4.

12 BxN, R-N1? (disastrous, though White's bishop pair are very strong in the ending after 12 ... BxN); 13 NxRP! R-K1.

If 13 ... KxN; 14 Q-R6 ch, K-N1; 15 QxP ch, K-R1; 16 Q-R6 ch, K-N1; 17 B-K4, P-B4; 18 B-Q5 ch, R-B2; 19 Q-N6 ch.

14 Q-R6, N-K4; 15 N-N5, BxN; 16 QBxB, QxB; 17 QxQ, BxB; 18 0-0.

Before making this move, Korchnoi asked the controller whether it was legal for him to castle with the rook attacked. That a world title contender can admit to such a doubt on the rules makes more credible the incident in an Australian tournament when Averbakh, also a Russian grandmaster, protested when his opponent castled queen's side with the rook moving across an attacked square. The rules of chess regard castling as essentially a king move, hence both these operations are quite legal.

18...BxP; 19 P-B4, Resigns.

The recent Nikshich tournament in Yugoslavia was the occasion for another miniature where the victim was a "super-master" ranked in the world top dozen. Black plays the opening horribly but instructively. White's "Maroczy Bind" formation of pawns at QB4 and K4 cramps Black's game unless the latter takes vigorous counter-measures. Far from doing that, Black combines . . . P-KN3 and . . . P-K3, which weakens the dark squares and the QP, and for good measure wastes further time on moves 7, 9 and 10. White takes full advantage to win by an entertaining attack.

White: W. Uhlmann (East Germany). Black: L. Ljubojevic (Yugoslavia). Opening: Sicilian Defence (by transposition).

The opening moves were 1 P-QB4, P-QB4; 2 N-KB3, P-KN3; 3 P-Q4, B-N2; 4 P-K4, PxP; 5 NxP, N-QB3; 6 B-K3, P-Q3 (more active is N-B3; 7 N-QB3, N-KN5); 7 N-QB3, P-QR3?

The only reasonable plan for counterplay is 7 . . . N-R3; 8 P-B3, P-B4, 9 Q-Q2, N-B2.

8 B-K2, P-K3? 9 Q-Q2, N-K4? 10 R-Q1, Q-B2?

Black now loses by force, though N-K2; 11 P-B4, N-Q2; 12 NxP! PxN; 13 QxP, 0-0; 14 B-N4 is also very good for White.

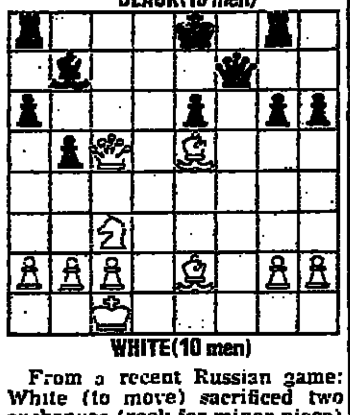
11 N(4)-N5! (a typical Sicilian sacrifice, but the follow-up has some original touches), PxN; 12 NxP, Q-B3; 13 NxP ch, K-K2 (or K-B1; 14 N-B5! PxN; 15 Q-Q8 ch, Q-K1; 16 B-B5 ch); 14 Q-N4, K-B3?

Black seems intent on hari-kiri. 14 . . . B-Q2 would hold out longer.

15 P-B4, P-KN4 (if N-Q2; 16 N-K8 mate); 16 PxN ch, K-N3; 17 NxBP! Resigns. If 17 . . . KxN; 18 B-R5 mate.

POSITION No. 226

BLACK (10 men)

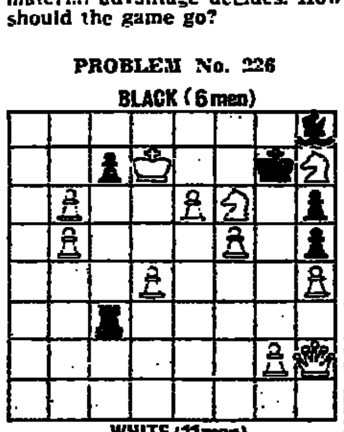


WHITE (10 men)

From a recent Russian game: White (to move) sacrificed two exchanges (rook for minor piece) to reach this position with Black's king trapped in the centre. Black now threatens to consolidate by R-Q1 and the question is whether White can find a way through, either for a win or for a consolation draw by perpetual check, before Black's material advantage decides. How should the game go?

PROBLEM No. 226

BLACK (6 men)



WHITE (11 men)

White mates in three moves at latest, against any defence (by A. Lauritzen, Denken und Raten 1931).

Solutions, Page 10

A crop of vintage hands

BRIDGE

E. P. C. COTTER

I WAS DELIGHTED to receive a paperback edition of Odd Tricks by Travis White, published by GBC Press, Las Vegas at $3.95. This book saw the light of day in 1934, and contains many excellent hands which you will find entertaining and instructive.

Let us look first at this:

N.
♠ 5 4
♥ Q 7 4
♦ A 10 6 5 4
♣ A 5 3

W.
♠ A Q 10 3
♥ 8 6 2
♦ Q 9 8
♣ K 10 7

E.
♠ K J 9
♥ 9
♦ J 7 3 2
♣ Q J 6 4 2

S.
♠ 8 7 6 2
♥ A K J 10 5 3
♦ K
♣ 9 8

With East-West vulnerable South dealt and bid one heart, North replied with two diamonds and raised his partner's rebid of two hearts to four hearts.

West get off to a good start by leading the two of trumps, which cut down dummy's ruffing power. South won in hand, cashed the diamond King, and led a spade. West won with his ten and led the six of hearts which was taken by the seven. Another spade brought the Knave from East, but West overtook and led his last trump, leaving the declarer with four losers.

South ignored the possibility of setting up an extra trick in diamonds. The opening lead had shown that the opponents would not allow spade ruffs if they could prevent them.

At trick three he too should lead a spade but he is ready to keep both options open. If the defenders do not lead trumps, he will get the needed ruff; if they do, he must hope that the heart seven is an entry—East had played the nine at trick one, and there was no reason to suspect a false card. West returns the heart six, and dummy's seven holds. The diamond Ace is cashed, on which a club is discarded, and a low diamond is ruffed.

When both opponents follow suit, the declarer's troubles are over. He crosses to dummy with a heart to the Queen and ruffs another diamond, setting up the ten on the table. The club Ace remains as entry to enjoy the established diamond for aonther discard, and the only losers are three spades.

The next hand illustrates counting:

N.
♠ Q J 7 2
♥ K 7 2
♦ J 10
♣ A 6 5 4

W.
♠ 9 6 5
♥ A 10 8 4 3
♦ A 9 6 4 2
♣ —

E.
♠ K 8 4 3
♥ Q J
♦ K 8 7
♣ J 9 8 3

S.
♠ A 10
♥ 9 6 5
♦ Q 5 3
♣ K Q 10 7 2

Nobody was vulnerable, but both sides had a part score when South dealt and bid one club, West overcalled with one heart, and North raised to three clubs. This was passed to West who bid three diamonds, and South went to four clubs. East doubled—a bad double—and all passed.

West led the diamond Ace, and a second diamond was taken by the King. East returned the heart Queen to his partner's Ace, and another heart was taken by dummy's King. A club was led to the Queen, dummy's last heart was discarded on the diamond Queen, but the contract could no longer be made—East was bound to make a trump trick.

Counting should point the way. East must hold not only the spade King, but also four trumps to justify his double. At trick five the declarer should lead dummy's two of spades, finesse the ten, and cash the club King, confirming his preliminary count of the hand.

He now cashes the spade Ace, crosses to dummy's Ace of clubs, and leads the Queen of spades. East covers, and South ruffs. Now the diamond Queen is ruffed on the table, the spade Knave gives a home to South's losing heart, and a trump is led, enabling South to finesse and pick up East's trumps.

WORLD CHESS

LEONARD BARDEN

IT HAS BEEN Viktor Korchnoi's week in Baguio City. The 47-year-old Russian defector had a winning position in the fifth game of the world chess championship match yesterday but missed the decisive move when short of time. All the experts wrote off Karpov's chances at adjournment, but not for nothing is the world champion considered nearly unbeatable. He found an excellent sealed move, which not even Korchnoi expected.

Korchnoi could easily be two up. His attack in the third game should have won, but he over-pressed and had to draw by repeating moves. Karpov has been unsettled by his opponent's continual surprises in the opening, and when Korchnoi chose a reputedly inferior move in game four, the world champion agonised for 39 minutes before taking a tame draw.

Although he has started well, Korchnoi remains liable to blunders caused by fifth-hour fatigue. He also has an enormous task in winning six games from Karpov, who has not lost more than twice in any chess event since he was a schoolboy.

ARTS

ENSA, then and now

Basil Dean's brain-child ENSA is getting the full treatment on Radio 4. Part one, which took us from the outbreak of war to the Blitz, when George Formby entertained fugutives from the bombing in Aldwych tube station, went out last Saturday, and you can hear part two at 1.15 pm today. Charlie Chester, who as principal comedian with the Joe Loss Band did hundreds of ENSA shows during those years, is the narrator. As well as excerpts from artists like Gracie Fields, Frances Day, Avril Angers, Harry Lauder, Arthur Riscoe singing to enthusiastic service audiences, the programme, written by John Laird and researched by Stephen Williams, contained live interviews with many troupers whose genius for total recall has remained unimpaired throughout the intervening years. The boozy, bless-'em-all, keep-your-pecker-up mood was recreated with that nostalgic sharpness peculiar to radio.

ENSA was a huge operation involving, it is estimated, 2½m shows to audiences of 500m;

RADIO

ANTHONY CURTIS

now that all the wisecracks about Every Night Something Awful have receded, its importance as a sustainer of morale and embalmer of social attitudes may be gauged. Riscoe's ditty pleading for the preservation of his butter ration caught the temper of the time and has become curiously topical again vis-à-vis Brussels.

Everybody pinches my butter.
They won't leave by butter alone,
And nothing is better than butter
For keeping the old man at home.
Please leave my butter aloo-oo-oone!

Although everyone who was anyone performed for ENSA, most of the artists were not star names; they were old pros recruited from the ranks of the pre-war pier-end concert parties which had not fortunately been disbanded when war broke out.

In September 1939 as Rex Newman, ENSA's director of light entertainment explained, they were immediately pressed into service to entertain the troops, and after Dunkirk gave innumerable shows in factories and works canteens as the ENSA spirit permeated the entire war effort.

Ernie Bevin as Minister of Labour was quick to see the point of restorative concerts for munitions workers in the lunch-break: "The show lasted for 20 minutes. It began ordinarily enough with a song in which the company took part; then the comedian, putting on a derby to show he was a funny man, did his piece; the younger of the two women played the concertina; then the older woman, raddled and painted, began to sing. She had little voice, and she had a cold, but she had immense vitality. The audience warmed up and soon she had them singing with her. In a minute it had ceased to be a set concert and become a singsong." That, observed by Somerset Maugham on a visit to Woolwich Arsenal in 1940, was what ENSA was all about, as this cheerful programme demonstrated.

I suppose it was an example, in practical entertainment terms, of the English spirit of solidarity which we heard so much about from a discordant string quartet of professors and politicians in *A Most Peculiar Island* (Radio 4, July 25). The performers here were Dr. A. H. Halsey, Ralf Dahrendorf, Enoch Powell and Tony Benn, under the occasional baton of Michael Charlton. The pretext for their discussion was to reconsider and thrash out some of the points raised by Dr. Halsey in his recent Reith Lectures. He had begun with some vibrant chords from the French, liberty, equality and fraternity, and had taken a close look at social change in modern Britain against the background of these ideals. Powell asked what relevance these essentially Gallic concepts had here. "If you mean brotherhood, freedom and solidarity then I'm happy. . . ." Then Benn proved to have a grasp of the radical strand in English history going back to Runnymede that was impressive in its detail.

Soon the air was thick with names like Paine, Burke, Adam Smith and William Morris. It was left to Dahrendorf to suggest that the politicians were "obsessed by continuity" and to try unavailingly to take the discussion out of a historical context and place it in a more analytical one.

Anyone who expected clear-cut conclusions would have been disappointed but it was interesting to hear people given plenty of time to develop arguments, to listen to speakers, not having to suffer constant interruption. Perhaps the same format could be applied to other areas and disciplines. Especially in arts programmes.

Snatches of music by Jerome Kern, George Gershwin and Cole Porter interrupted the ramblings of another old pro in *Performing Flea*, a programme about P. G. Wodehouse compiled by Sam Pollock (Radio 4, July 23): they were from the musicals he wrote in the 1920s with Guy Bolton. What a good idea to get Sir Michael Redgrave to read the words of the Master. They were taken mainly from the book he wrote about himself with the same name as the programme: all the old stuff about his youthful escape from the Hongkong and Shanghai Bank and his experiences as an internee in a Belgian prison camp during the war came up again. His words always wear exceedingly well, especially when uttered so sympathetically, but one day Radio 4 really must give us a full portrait of "Plum" compiled from many sources, a feature which penetrates the defences of that remarkable Englishman.

THEATRES THIS WEEK ... AND NEXT

QUESTORS, EALING—*Faust*. Enterprising amateur production of the *Urfaust*, short but powerful version of Goethe's Part One. Opened Monday.

CHICHESTER—*Look After Lulu*. Unhappy 1959 re-write of Feydeau by Noel Coward. Good cast led by Geraldine McEwan, Kenneth Haigh and Fenella Fielding. Opened Tuesday.

HALF MOON—*Tigers in the Snow*. Tedious new play about women in a mental institution, spiritually performed but not worth the effort. Opened Wednesday.

OPEN SPACE—*Boo Hoo*. New play by American Philip Magdalany, directed by Charles Marowitz and starring Janet Suzman, Estelle Kohler and Georgina Hale. Opened Thursday.

The RSC gives over its Aldwych platform to a new play by Steve Gooch on Monday, *The Women Pirates Ann Bonney and Mary Read*. Other new work in London next week includes *Eclipse* by Leigh Jackson at the Royal Court (Wednesday) William Douglas Home's *The Editor Regrets* at Greenwich (Thursday) and Rosemary Anne Sisson's *The Dark Horse* at the Comedy (also Thursday). The third London opening on Thursday is a walk-around revival of *Bartholomew Fair* at the Round House, adapted and directed by Peter Barnes. Out of town, the Coventry Mystery Plays open in *the ruins of the old cathedral* on Tuesday.

Leonard Burt

James Earl Jones as Paul Robeson

Paul Robeson

I've heard *Paul Robeson* at Her Majesty's Theatre described as a musical. It is not that even though James Earl Jones who impersonates the great performing artist of the title sings a few snatches from some of his most famous songs and Burt Wallace sits at the piano in the role of his accompanist, Lawrence Brown. The music is mainly background to a distillation of the life rather than the art of Paul Robeson, a dialogue contrived by Phillip Hayes Dean, who has a number of other plays to his credit, for one larger-than-life character; the replies of the people Robeson engages in conversation are unheard but understood. It is the technique of the one-man show alleviated by occasional interventions from Mr. Wallace and it works well enough in a setting consisting only of a few wooden chairs that leaves everything to the imagination.

It works for two reasons. First, because Mr. Earl Jones is an engaging performer of presence and physical mobility, particularly his face and arms, but without the grandeur, the oceanic voice of the original; and second, because we start with a preconception of Robeson which the play to some extent corrects as it proceeds along its fairly straight biographical course. The life of Robeson does in itself represent one of the archetypal dramas of modern times, the rejection by an individual of the society in which he succeeded in gaining his acceptance only after an heroic struggle.

The first half of the show deals with the struggle, the second with the acceptance and the rejection. The author is deft in his handling of such strong, richly provocative material, and clever at quick transitions. He leaves the indignation to us and wisely does not insist for too long on any single aspect of the story. He shows us the intensity of the racial prejudice which Robeson had to overcome in his college career at Rutgers, New Jersey, where he was born and where he excelled as a football player, and again as a law student in New York. The theatre discovered him almost by accident when he played in a charity show after which came the famous encounter with O'Neill who cast him for a main part in *All God's Chillun Got Wings*, then to replace Charles Gilpen in *The Emperor Jones*. Jerome Kern and *Showboat* in the London production followed that. Robeson was on his way. He had begun to insist on his own terms.

Mr. Earl Jones has eyes which are adept at showing astonishment and he opens them very wide when he becomes a celebrity in London and is taken up by Lady Astor while making friends with two students called Kenyatta and Nkrumah. But this is only a prelude to his mature political awakening in Soviet Russia, in Germany and in the Spanish Civil War. A scene where he is among the Americans in the International Brigade is quietly effective and prepares us for his last period as an outcast within the United States after his confrontation with the House Committee. Only now does Mr. Earl Jones turn the volume on full and permit the anger and the pride to wipe the open-eyed grin from his face.

ANTHONY CURTIS

Wiv a little bit of luck

Moss Empires, who control the Palladium and Victoria Palace Theatres in London, this week committed £20,000 towards the cost of a new touring production of *My Fair Lady*, opening at the Leicester Haymarket on November 9. It is a gesture of good faith in an attempt to keep alive the major provincial theatres throughout the land. Over the past two years, Moss Empires' managing director, Louis Benjamin, has been deeply involved, with the Arts Council and local authority representatives, in the fate of the theatres his company can no longer afford to run.

When Louis Benjamin joined Moss Empires as an office boy some 40 years ago, the company operated over 30 provincial theatres. When he returned as managing director in 1970 (having in the meantime established himself as managing director of Pye Records) there were just five venues left, and his immediate task was to cut losses and secure the theatres' future. Touring theatre is, on the whole, a thing of the past in this

THEATRE

MICHAEL COVENEY

country; there is neither the general availability of suitable product nor sufficient public support to maintain a large local following outside of pantomimes or outstanding attractions. In the past few years, with the soaring costs of a labour intensive industry, the fate of these large barns has hung precariously in the balance.

In the 1920s, a theatre like the Bradford Alhambra or the Oxford New could cover its costs and those of a touring management by playing to an overall capacity of 30 per cent. Today, even capacity business will not do the trick.

Negotiations are currently underway for Moss Empires to relinquish central office control of the Bristol Hippodrome. The lease is to be sold to the local council and a deal completed whereby Moss retain a booking arrangement to ensure the continued operation of the theatre. This general pattern of purchasing or assigning, hooked to a booking arrangement, has characterised the completed negotiations on the four other provincial theatres previously owned by Moss: the Birmingham Hippodrome, the Liverpool Empire, the Manchester Palace and the Theatre Royal, Nottingham. *The Manchester Palace* is shut at the moment because of immense structural work; at Liverpool and Birmingham the theatres are still operated by Moss on an *ad hoc* basis until the local authorities have, in Mr. Benjamin's words, "sorted themselves out"; and the resplendently restored Nottingham Royal is open to the public, doing good business and showing every sign of profitability (if you forget the £4m investment on the building).

Moss Empires is a separately run subsidiary of Lord Grade's ATV. Each of the five provincial theatres was involving Moss in huge annual losses until, early last year, the company, along with the other major provincial theatre set-up of Howard and Wyndham's, made stern representation to the Arts Council. Even when "dark," a theatre with 2,000 seats was costing about £3,000 a week to maintain.

Last summer, the Arts Council promised to lend a hand. For it is in the national interest that these large theatres are retained, restored and made available for both major touring companies and commercial entertainment. It is no good the Arts Council preserving them for the Royal Opera or the *National Theatre* without acknowledging a responsibility also to provide the taxpayer with Ken Dodd and Danny La Rue. Hence the alliance in recent years between the commercial sector and the Arts Council, an alliance openly acknowledged this week by general secretary Roy Shaw.

The Arts Council is putting £45,000 into the Leicester production of *My Fair Lady*, an amount Mr. Shaw is prepared to write off but which he hopes to recover in the probable event of a West End run after the six-month tour. Moss Empires have provisionally booked the show for Birmingham, Liverpool, Bristol and Nottingham; their investment *of £20,000 is* contributary to estimated overall production and touring costs of £500,000. The show is to be produced by Cameron Mackintosh in association with the Leicester Haymarket.

So, once the Bristol deal is completed, Moss and Louis Benjamin will concentrate on their booking commitments, the variety bill at the Palladium (where Danny La Rue will star in this year's pantomime, *Aladdin*, budgeted at £250,000 with a £5 top price ticket) and the running of the Victoria Palace, where *Annie* looks set to run for a few years. The transformation of the Victoria Palace from the home of the Crazy Gang, the Black and White Minstrels and Max Bygraves into a well-appointed haven for lavish musicals is now, thanks to the success of *Annie*, complete. As Louis Benjamin admits, there is hardly room in London for one variety house (the Palladium), let alone two, so a new future beckons for the Victoria Palace.

Leonard Burt

Louis Benjamin

TV/Radio

† Indicates programme in black and white

BBC 1

7.40-8.30 am Open University (Ultra High Frequency only). 9.00 Ragtime. 9.15 Scooby Doo. 9.35 Why Don't You . . .? 10.00 Rockface. †10.25 Charlie Chaplin in "The Fireman." †10.55 Laurel and Hardy in "The Chimp." 11.23 Weather. 11.25 Cricket: First Test—The Cornhill Insurance Test Series, England v New Zealand.

1.30 pm Grandstand: Racing from Goodwood (1.35, 2.10, 2.45, 3.15); *Cycling (1.50, 3.30)* The Centenary and Newmark Track Meeting including the Post Office Mile of the Century handicap; Cricket: First Test (2.25, 3.00, 3.30) England v New Zealand: 5.10 Final Score including racing results and cricket scoreboard.

5.20 Emu's Broadcasting Company (BBC-1).

5.45 News.

5.55 Sport/Regional News.

6.00 Wonder Woman.

6.45 Saturday Night at the Movies: "The Wild North" staring Stewart Granger and Cyd Charisse.

8.20 Seaside Special from Torbay starring Rolf Harris.

9.10 Kojak.

10.00 News.

10.10 Sailor.

10.40 The Expert.

11.30 Stuart Burrows sings ballads, songs, operetta and grand opera.

All Regions as BBC-1 except at the following times:

Wales — 8.50-9.15 am Hobby Horse. 12.00 News and Weather for Wales.

Scotland—12.00 News and Weather for Scotland.

Northern Ireland—5.55-6.00 pm Northern Ireland News and Sport. 12.00 News and Weather for Northern Ireland.

BBC 2

7.40 a.m.-1.30 pm and 1.55-2.45 Open University.

3.10 Saturday Cinema: "The Scarlet Blade," starring Lionel Jeffries and Oliver Reed.

4.30 Cricket: First Test, England v New Zealand.

7.15 News, sport.

7.30 Network.

8.00 Royal Heritage.

9.10 The Question of Law and Order: Debate, with the Home Secretary, Merlyn Rees, and William Whitelaw, MP.

10.40 Cricket: First Test (highlights).

11.10 News on 2.

†11.15 Monster Double Bill: "Man Made Monster" starring Lon Chaney Jr., and at †12.15 am "The Mummy's Curse."

LONDON

8.50 am The Saturday Banana with Bill Oddie, part 1. 8.55 Sesame Street. 9.45 The Saturday Banana, part 2. 10.15 The Monkees. 10.45 The Saturday Banana, part 3. 11.30 Space 1999.

12.30 pm World of Sport: 12.35 International Sports Special (1) Water Ski Jump Classic from Bachman Lake, Dallas, plus Weightlifting—European Championships from Havirov, *Czechoslovakia, plus, Cycling* —Tour de France from Paris, and the Australian Pools check; 1.15 News from ITN; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Newmarket; 1.45, 2.15, and 2.45 from Thirsk; 3.10 International Sports Special (2) Polo—The Coronation Cup from Smiths Lawn, Windsor; 4.00 Wrestling; 4.55 Results Service.

5.05 News from ITN.

5.15 Cartoon Time.

5.30 Laverne and Shirley.

6.00 Doctor on the Go.

6.30 The Life and Times of Grizzly Adams.

7.30 Mr. and Mrs.

8.00 3-2-1 with Ted Rogers.

9.00 Columbo, Part 1.

10.00 News from ITN.

10.15 Columbo, Part 2.

11.00 Revolver with Peter Cook.

11.45 The Entertainers: The Pasadena Roof Orchestra.

12.20 am Close—Xanthi Gardner reads from "The Prophet" by Kahlil Gibran.

All IBA Regions as London except at the following times:

ANGLIA

9.00 am Undersea World of Captain Nemo. 9.20 The Next Week Show. 11.30 Tarzan. 5.00 pm Happy Days. 6.00 The Rolf Harris Show. 7.30 Gambit. 11.45 At the End of the Day.

ATV

9.05 am The Shape of Things. 9.30 Sesame Street. 10.30 ATV Saturday Morning Picture Show: "The Emperor's New Clothes," followed by "The Master of Ballantrae" and the super serial, "Mystery Island." 5.15 pm The Life and Times of Grizzy Adams. 6.15 Mr. and Mrs. 6.45 Father Dear Father. 7.15 3—2—1. 8.15 Saturday Cinema: "Please Sir," starring John Alderton and Deryck Guyler. 10.15 Soap. 10.45 The Law Centre. 11.45 Revolver.

BORDER

11.30 am Tarzan. 5.30 pm Happy Days. 6.00 Mr. and Mrs. 6.30 The Bionic Woman. 7.30 Oh No. It's Selwyn Froggitt. 9.00 *Feature Film: "The Mercenaries," part 1.* 10.15 Film: The Mercenaries (cont.).

CHANNEL

12.18 pm Puffin's Pla(i)ce. 5.30 Happy Days. 6.00 Backs to the Land. 6.30 The Six Million Dollar Man. 7.30 Father Dear Father. 11.00 Law Centre. 12.00 The Electric Theatre Show: Kenneth Williams.

GRAMPIAN

9.10 am Talking Bikes. 9.35 Scene on Saturday, including Birthday Greetings and Coir Car. 10.05 The White Stone. 10.30 Sesame Street. 5.30 pm Happy Days. 6.00 Mr. and Mrs. 7.30 Backs to the Land. 11.45 Reflections.

GRANADA

9.30 am Sesame Street. 10.25 Breakers. 10.55 Saturday Matinee: "I Love a Mystery." 5.30 pm Happy Days. 6.00 Mr. and Mrs. 6.30 Backs to the Land. 7.00 The Bionic Woman. 9.00 "The Mercenaries," starring Rod Taylor. 10.15 The Mercenaries (cont.). 11.45 Gibbsville.

9.30 am Sesame Street. 10.25 Breakers. 10.55 Saturday Matinee: "I Love A Mystery." 5.30 pm Happy Days. 6.00 Mr. and Mrs. 6.30 Backs to the Land. 7.00 The Bionic Woman. 9.00 "The Mercenaries," starring Rod Taylor. 10.15 The Mercenaries (continued). 11.45 Gibbsville.

HTV

9.15 am *Old House, New Home.* 10.15 Batman. 11.00 Beachcombers. 12.00 Lassie. 5.30 pm Cuckoo Waltz. 6.00 Happy Days. 7.30 Definition. 9.00 "Age of Consent," starring James Mason (part 1). 10.15 "Age of Consent" (cont.). 11.05 Revolver.

HTV Cymru/Wales—As HTV General Service except: 5.30-6.00 pm Sion a Sian.

SCOTTISH

9.10 am Talking Bikes. 9.35 Sean the Leprechaun. 11.40 The Bionic Woman. 5.30 pm Phyllis. 6.00 The Cuckoo Waltz. 9.00 "The Mercenaries," starring Rod Taylor (part 1). 10.15 "The Mercenaries" (contd.). 11.45 Late Call.

SOUTHERN

11.30 am Tarzan. 12.25 pm Regional Weather Forecast. 5.30 The Cisco Kid. 6.00 Happy Days. 6.30 The Life and Times of Grizzly Adams. 7.30 Mr. and Mrs. 9.00 "The Mercenaries," starring Rod Taylor (part 1). 10.15 "The Mercenaries" (cont.). 11.45 Southern News. 11.50 Havock.

TYNE TEES

9.00 am Lyn's Look-in. 9.10 Lucan. 10.05 Lyn's Look-in. 10.15 The Paper Lads. †10.45 Saturday Morning Film: "Abbott and Costello in the Foreign Legion." 12.15 pm *Lyn's Look-in. 6.00 Mr. and Mrs.* 6.30 The Bionic Woman. 7.30 Backs to the Land. 9.00 "The Mercenaries," starring Rod Taylor (part 1). 10.15 "The Mercenaries" (part 2). 11.00 Within These Walls. 12.00 Epilogue.

ULSTER

10.00 am Saturday Morning Movie: "The Bells of St. Trinians," starring Alistair Sim and Joyce Grenfall. 11.30 Sesame Street. 5.30 pm Happy Days. 6.00 Oh No It's Selwyn Froggitt. 9.00 Feature Film Part 1: "The Mercenaries" (part 1). 10.12 Sports Results. 10.15 Feature Film (Part 2).

WESTWARD

9.15 am Talking Bikes. 10.15 Cartoontime (Popeye). 10.40 Look and See. 11.30 Gus Honeybun's Birthdays. 11.35 Code "R." 5.30 pm Happy Days. 6.00 Backs to the Land. 6.30 The Six Million Dollar Dollar Man. 7.30 Father Dear Father. 11.00 The Law Centre. 12.00 The Electric Theatre Show: Kenneth Williams. 12.30 Faith for Life.

YORKSHIRE

9.10 am Talking Bikes. 9.35 Mystery Island. 10.15 The Gene Machine. 11.30 Code R. 5.30 pm Happy Days. 6.00 Mr. and Mrs. 6.30 The Bionic Woman. 7.30 Backs to the Land. 9.00 "The Mercenaries" (Part One). 10.15 "The Mercenaries" (Part Two). 11.45 The Bob Newhart Show.

RADIO 1 247m

(S) Stereophonic broadcast.
‡ Medium Wave.

5.00 am As Radio 2. 8.06 Ed Stewart with Junior Choice (S), including 8.32 Cross-Channel Motoring Information. 10.00 Adrian Juste. 12.00 Paul Gambaccini. 1.31 Rock On (S). 2.30 Alan Freeman (S). 5.31 Robbie Vincent (S). 6.30 In Concert (S). 7.30-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tom Edwards with The Early Show (S), including 8.03 Racing Bulletin. 8.06 As Radio 1. 10.02 Tony Blackburn (S). 12.02 pm Two's Best (S). 1.02 Offbeat with Braden (S). 1.30-5.55 Sport On 2: Commonwealth Games Special (1.30, 2.20, 2.55, 3.25, 5.00); Racing from Goodwood (1.30, 2.10, 2.45, 3.15, with classified check at 5.40); Cricket (1.30, 2.00, 2.20, 2.55, 3.25, 5.50) England v. New Zealand and news of Schweppes Championship games plus news of motor racing, golf. 6.00 Cross Channel Motoring Information. 6.04 European Pop Jury. 7.02 Des O'Connor Entertains. 7.30 Sports Desk. 7.33 Radio 2 Top Tunes (S). 8.00 An Evening in Vienna concert (S), part 1. 8.40 Talk by Irene Prador. 9.00 Concert, part 2. 10.02 Saturday Night with the BBC Radio Orchestra (S). 11.02 Sports Desk. 11.05 Ray Moore with The Late Show (S), including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.15 Schubert piano recital (S). 11.25 Cricket: First Test—England v. New Zealand. 1.35 pm News. 1.40 Call the Commentators. 2.00 Lunchtime scoreboard. 6.40 Tel Aviv String Quartet (S). 7.30 Proms 78 part 1: Britten, Brahms (S). 8.25 Solzhenitsyn and the Politics of Dostoevsky (talk by Stephen Carter). 8.45 Proms 78 part 2: Bartok (S). 9.35 The Market Economy. 10.05 Leclair concert (S). 10.20 Songs from Sikkim with Debon Bhattacharya. 10.55 Sounds Interesting (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

VHF—6.00-8.00 am Open University. 8.00 With MW. 11.25 Cheltenham Festival 1978 concert (S). 12.10 pm Interval Reading. 12.15 Concert, part 2. 1.00 News. 1.05 Heritage. 1.20 Janacek and Schumann (S). 2.20 Man of Action Trevor Nunn chooses records (S). 3.35 Music of the Masters (S). 5.00 Jazz Record Requests (S). 5.45 Tel Aviv String Quartet (S). 6.20 Dramas in Verse. 6.40 With MW.

RADIO 4

434m, 330m, 285m and VHF

6.30 am News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather: programme news. 7.00 News. 7.10 On your farm. 7.40 Today's Papers. 7.45 Yours faithfully. 7.50 It's a Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport on 4. 8.45 Yesterday in Parliament. 9.00 News. 9.05 International Assignment. 9.30 The Week in Westminster. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of the Week. 11.20 Time for Verse. 11.30 Science Now. 12.00 News. 12.02 pm Away from It All. 12.27 The News Quiz (S). 12.55 Weather; programme news. 1.00 News. 1.15 Ensa. 2.00 Bookshelf. 2.30 Thirty-Minute Theatre. 3.00 News. 3.05 Does He Take Sugar? 3.35 Music of the Masters (As Radio 3). 5.00 Kaleidoscope Encore. 5.30 Week Ending . . . (S). 5.55 Weather: programme news. 6.00 News. 6.15 Desert Island Discs. 6.50 Stop the Week with Robert Robinson. 7.30 These You Have Loved (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 A Word in Edgeways. 11.00 Lighten our Darkness. 11.15 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News. 8.15 The London Gardener. 8.30 David Kremer with Saturday Scene. 11.30 The Robbie Vincent Saturday Show. 2.00 pm Bob Powel with London Country. 4.30 Marjorie Bilbow with Close Up. 5.00 Sounds Good. 6.30 Close: As Radio 2.

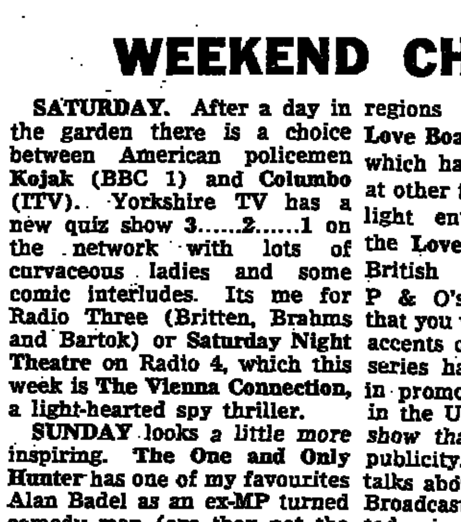
CHESS SOLUTIONS

Solution to Position No. 226

1 NxP! forced a win by 1...PxN; 2 BxP ch, K-Q1; 3 B-B6 ch, QxB; 4 Q-Q6 ch K-B1; 5 B-Q7 ch, K-Q1; 6 B-B6 ch, K-B1; 7 Q-Q7 ch and 8 QxB mate.

Solution to Problem No. 226

1 K-B8! PxP dis ch; 2 K-N7, and the rook cannot simultaneously stop the queen mates at KN3 or QB7.



Love Boat's Crew: ITV

WEEKEND CHOICE

SATURDAY. After a day in the garden there is a choice between American policemen **Kojak** (BBC 1) and **Columbo** (ITV). Yorkshire TV has a new quiz show **3......2......1** on the network with lots of curvaceous ladies and some comic interludes. Its me for **Radio Three** (Britten, Brahms and Bartok) or **Saturday Night Theatre** on Radio 4, which this week is **The Vienna Connection**, a light-hearted spy thriller.

SUNDAY looks *a little more* inspiring. **The One and Only Hunter** has one of my favourites Alan Badel as an ex-MP turned comedy man (are they not the same?). London is among the regions which can taste the **Love Boat**, an American import which has been seen elsewhere at other times. Very much U.S. light entertainment wallpaper the **Love Boat** is set aboard a British cruise ship, one of P & O's Princess liners, not that you would know it from the accents of the actor crew. The series has been worth millions in promotion value for P & O in the U.S., which only goes to *show that no publicity is bad* publicity. **The Editors** BBC 1 talks about the White Paper on Broadcasting, see FT Page 12 today instead and have an early night.

A.S.

LEISURE

The Newcastle master

THOMAS BEWICK, in the opinion of Ruskin, was "without training . . . Holbein's equal." "I know no drawing so subtle as Bewick's since the fifteenth century, except Holbein's and Turner's."

No one perhaps would have been more surprised at praise like this than Bewick himself, *the jobbing engraver of Newcastle,* who passed almost his whole working life attending to trade orders in his little shop *in St. Nicholas Churchyard,* and for whom the great works of book illustration were almost a by-product. Yet it is hard to dispute Ruskin's high opinion in the face of Bewick's depictions of birds and animals; or the miniature vignettes in which he captured the life of his native Northumberland; or the minute narrative pictures which he punningly called "Tale-pieces."

Single-handed, Bewick revived the art of wood-engraving *which had declined* sadly since the days of Dürer and the fifteenth-century masters. The popularity of copper engraving had relegated wood-blocks to the crudest needs of popular printing. In over half a century of his creative career Bewick strove constantly to refine the technique and to devise methods of cutting and printing which would enlarge the gradations of tone possible to wood-block printing. The very last work on which he was engaged, in his 75th year, was a method to give still greater subtlety to the toning by over-printing several complementary blocks on a *single* picture.

Bewick generally sketched only the broadest outlines on the block before commencing to engrave. The real creative work was done through his cutting tools; so that he transformed wood-cutting from a reproductive to an autographic process.

Thomas Bewick died 150 years ago, in November 1828; and to commemorate him the Laing Gallery in Newcastle has mounted the most comprehensive exhibition to date. A surprisingly large assembly for an artist who worked on so small a scale, it has been organised by Iain Bain, and designed by Robin Wade, who was responsible for such notable events as the Chinese and Turner exhibitions at the Royal Academy.

Detail of a portrait of Thomas Bewick by William Nicholson (1784-1844)

The coverage of Bewick's life and times ranges from useful comparative chronologies to a rather large tooth which he lost at the age of 74 and apostrophised in a humorous tribute to its fidelity; and there is a very comprehensive record of his work as an illustrator.

The special importance of the exhibition however is its stress on his work as a trade engraver in metal (there is even a re-

COLLECTING

JANET MARSH

construction of the workshop in St. Nicholas Yard); the revelation of Bewick's talent as a watercolourist; and a large section on the many apprentices — *some of them first-class* artists in their own right — who emerged from the Bewick workshop.

Bewick was born in Cherryburn, on the banks of the Tyne 12 miles west of Newcastle; and he spent the rest of his life in those parts. After his apprenticeship to Ralph Beilby, one of the family of great Newcastle craftsmen, he briefly tried his luck in London, but concluded, "I would rather be herding sheep on Mickley bank top than remain in London, although for doing so I would be made premier of England." The work of the Tyneside and the rural life of Northumbria remained a life-long inspiration. *His woodcuts record not only* the pleasures and beauty of the rural scene, but also the wild cruelty of which the North is *capable. There is a striking* vignette in his *History of British Birds* depicting a starving sheep and lamb vainly nibbling at *leafless bushes. His* last work, *Waiting for death* is a haunting and terrible image of an old horse "turned out, unsheltered and unprotected, to starve of hunger and of cold" on the bleak hill tops with only the shelter of dry stone walls.

For his great works *The General History of Quadrupeds* and *The History of British Birds* Bewick always liked to work from life; and hurried to the itinerant menageries that stopped in Newcastle. His power was his clarity and directness of vision. A Victorian critic, F. G. Stephens, compared his reverence and *humility in the face of his subjects* to that of the watercolourist William Hunt who was "frequently heard to say, '*I almost tremble when I sit* down to paint a flower'." This drew from Bewick's daughter the cross riposte: "Thomas Bewick trembled none!"

Bewick's fame as a naturalist was already wide in his lifetime; and there is a touching account of his meeting with the great American naturalist J. J. Audubon the *year before he died.* The two very different men got on famously. "The old gentleman and I stuck to each other, he talking of my drawings and I of his woodcuts. Now and then he would take off his (cotton night-cap) and draw up his grey worsted stockings to his nether clothes; but whenever our conversation became animated, the replaced cap was left sticking, as if by magic, to the hind part of his head, the neglected hose resumed their downward tendency. . . ."

In connection with the Bewick commemoration, Robert D. Steedman of Newcastle have published a special catalogue of books illustrated by, or about Bewick. Steedmans, established *over seventy years* within a stone's throw of the site of Bewick's old workshop, is one of the best antiquarian bookshops *in the country, and certainly* in the north east.

You might not guess it at once, because the shop has an iceberg character. All you see when you walk in is a single room with a general stock of no special distinction except clean condition. Only an impressive case of local history books and maybe a dozen modest but choice antiquarian items on display hint what treasures may lurk behind the Cerberus-guarded oak gate to the further regions behind. It is only through catalogues like this, or their stands at privileged book fairs that you discover Steedmans' class.

Catalogue no 131 (which costs £1.50 from 9 Gray Street, Newcastle, or from the Laing) is itself a contribution to Bewick literature. Extensively annotated, the 200 items are the result of several years' collecting, and include every edition of Bewick's *Quadrupeds, Birds* and *Aesop's Fables* published in his lifetime and under his supervision.

Steedman's catalogue includes one of the few imperial paper copies of the first edition of the first volume of *Birds;* Bewick himself was unable to find one for a friend in 1817. There is also one of the only three known copies of a special edition of 25 copies of the illustrations to the *Birds,* produced by Bewick in 1817 to show the best work that could be produced in wood cut. This is priced at £625: as collectors' books go, Bewick is still remarkably accessible: and the catalogue *lists (or listed)* at £400 another great rarity, *A New Lottery Book of Birds and Beasts, for Children to learn their Letters as soon as they can Speak,* a 24-page chapbook of 1771 which probably represents Bewick's earliest illustrations of natural history.

Late season troubles

POTATO BLIGHT is one of those diseases that makes a fairly regular progression across Britain every summer. Starting *in the west, usually some time* in late June or early July, it sweeps swiftly eastwards so that the whole country is affected by the *end of July. The reason for* this is two-fold; first that the fungus which causes blight requires a fair amount of *warmth and humidity to thrive,* and these conditions usually occur earlier in the western than in the eastern counties, and *secondly that spores which* spread the fungus, being mainly weed-distributed, are swept eastwards by the westerly and south *westerly winds which are so* frequent a feature of our climate.

Potato blight can be a *devastating disease. It attacks* every part of the potato, leaves, stems and tubers; tomatoes are equally susceptible to it. The *leaves usually show the first* damp, black patches, which indicate that blight has arrived, simply because they are most *likely to catch the first micro*scopic spores. The disease spreads very quickly downwards, especially if there is rain to carry it, so that first the haulm turns black and eventually withers and then the tubers develop soft brown areas penetrating deep into the flesh, not confined to the skin as in common scab, a much less punishing disease. Scab makes a crop unsightly but blight can render it useless since the potatoes simply rot away after a few weeks.

There are *three things one* can do about potato blight so far as potatoes themselves are concerned; either concentrate on early varieties, planting these in March so that they can be dug by July before blight has become a serious menace; or *grow a second early, or early* maincrop variety.

If you do this you must be prepared to lift the whole bed *a few weeks before the tubers* are full grown if blight strikes; or protect the crop by regular spraying.

Not all fungicides will control potato blight. One that is excellent is also one of the oldest, Bordeaux Mixture, *prepared from copper sulphate and* lime. It used to be one of the

GARDENING

ARTHUR HELLYER

cheapest and easiest to buy but lately I have had difficulty in finding it on sale, apparently because every company is busy *promoting its own speciality.* But if you can purchase Bordeaux Mixture, or for that matter, any copper-based fungicide, *you need look for nothing* better. Alternatives are maneb and zineb, the first usually marketed under its own name, the latter usually under a brand name, such as Dithane which is actually a mixture of maneb and zineb.

These are not systemic fungicides which actually enter the plant, but are all surface protectants which must kill the fungus as it commences to grow on leaf or stem. Since the plants are growing all the time, it is necessary to spray at least once a fortnight to cover new leaves and stems that were not there to be protected when earlier sprayings were made.

For complete safety, the first application should have been made several weeks ago but if your potatoes are not yet attacked, immediate spraying will be just as good. Even if there is already a little blight here or there, spraying will *limit its spread. If the disease* is already widespread it will be best to cut off and burn all the haulms immediately and lift the *crop as quickly as it is con*venient to do so.

There is no such let-out with tomatoes, but fortunately those *grown under glass are seldom* attacked by blight though they have equally severe diseases of their own. It is the outdoor *tomatoes that get blight* and it can be just as devastating as it is on potatoes. Regular spraying every fortnight until late September is the only safeguard and it does mean that all fruits will have to be washed, or at any rate well wiped with a dry rag, before they can be used.

The disease that most troubles tomatoes in greenhouses as the summer comes to a close is leaf mould or cladosporium. The symptoms are not dissimilar from those of blight except that *the blotches are at first khaki-*coloured on the under-surface of the leaf and pale yellowish above so that the plants have a highly distinctive mottled *appearance. Like blight leaf* mould thrives in damp, muggy air. Overcrowding and poor ventilation encourage it, and *spraying with copper fungicides,* maneb or zineb will discourage it.

Best of all is to grow only *those tomatoes that have a high* degree of resistance to leaf mould. There are a lot of them nowadays, though most are not *easy to find in the seed shops.* Amberley Cross, Arasta, Cudlow Cross, Grenadier, Maascross, MM Super, Kema and Ronaclave are all available by mail order.

One other group of diseases which becomes increasingly troublesome in late summer is the powdery mildews. All manner of plants are affected, including roses, michaelmas daises, apple trees, vines, *cucumbers* and peas, not because the same mildew passes from one to another but because the late summer atmospheric *conditions* favour all the mildews, even those specific to particular plant families. Fortunately one does not need *to be able to identify* the precise mildew in order to choose a remedy since the anti-mildew fungicides have a wide range of efficiency.

Directly you see the first patches of white powdery outgrowth, making leaves and stems look as if dusted with flour, spray with benomyl or dinocap. The former is systemic, the latter a surface fungicide. It is not a bad idea to ring the changes because, although benomyl is very effective at first, if it is used too long and too frequently the disease can build up resistance to it. There is a new fungicide called Nimrod, a mixture of bupirimate and triforine, which is said to be very effective against mildews but I have not yet tried it in my garden.

Summer rush

Particular black spots for finding space are the Balearics, *Southern Spain and the U.S.*

ANYONE who thinks that they might have a holiday this year after all is in for a rude shock when they visit their travel agent. A few calls during the course of this week showed little if any accommodation for most of the prime areas during the next month, particularly if you are in the average family wanting two adjacent rooms.

The best bet if you are determined to head for, say, the South of Spain or some of the better British resorts is to hope that your travel agent is quick enough to pick up someone else's cancellations. If money is not the problem you can always take a scheduled flight (cheap tickets are extremely hard to find this year) and pay full rate but even then do not set out on spec—it is a very busy year in *most places.*

That's the bad news. The

TRAVEL

ARTHUR SANDLES

good news is that there are some vacancies. British Airways Sovereign Holidays have space to Turkey (from £190 for a week) and by the Italian Lakes. *They, and other operators, have* city holiday space in most of Europe. There is long haul space to Africa and the Indian Ocean.

Ladbroke Holidays tell me there are still "a few" boats for rental on the Norfolk Broads, and villa enthusiasts might try the Travel Club Upminster which has some two bedroom villas and apartments on the Algarve and by Italy's Lake Garda.

P.S. The booking boom looks like continuing well into the new year. Thomas Cook has *already sold 22 per cent of its* winter capacity and it is not alone in that. Book now to avoid disappointment in January.

Your weekend £: Austria 27.75, Belgium 61.75, France 8.38, Italy 1,578, Greece 67.0, Spain 144.25, Switzerland 3.35, U.S. 1.9125. Source: *Thomas Cook.*

Detached driver

THE MERCEDES with a single occupant was being driven very smoothly at 60 mph, changing up and down without a jerk, getting back to its cruising speed quite smartly after check braking. What's remarkable about that? Nothing, except that I was in the back and there was no one behind the wheel.

The driver was a mile way, sitting at an electronic console, feeding instructions to the car through a cable laid on the surface of a vast concrete bowl near Hanover called the Contidrom.

Continental AG, Germany's biggest tyre makers, use the Contidrom for product proving. The driverless Mercede's job was to reproduce a cycle of accelerating and braking, day after day, more consistently than human hands and feet could achieve.

My ride, which I wouldn't recommend to a nervous back-seat driver, was several years ago. While it might be technically *possible to provide 100 per cent* guidance on public roads, or at any rate motorways, the cost and complication would be mind-boggling. Present experiments in Germany, notably by Robert Bosch and Volkswagen, are aimed at helping the driver, not allowing him to put his feet up and look at the view.

The intention is to give the driver as much information as possible. For close to four years a system called ARI (for automatic road information), which was invented by Bosch, has been operating in Germany and Austria and, more recently, in Yugoslavia. All the driver has to do is press the ARI button on his car radio. He *will then automatically be fed* with all traffic information bulletins as he drives along the autobahn, whether he is *listening to a normal radio* programme or not.

Bosch, in association with London Broadcasting Company, ran a limited test of ARI in London at the time of the last Motor Show in October, 1976. It caused a lot of interest and most people who took advantage of it found it helpful. By now it could have been widely *available to long distance drivers* through the commercial radio network but the Government wanted time to study a rival scheme proposed by the BBC.

The project on which Bosch and VW are now working together is called LISA—for Leading and Information System for Automobile drivers. *The difference between ARI and* LISA is as great as that between radio and TV. ARI is aural and warns the driver of conditions ahead, LISA is visual and tells the driver exactly what to do and where to go.

It works like this. Loops of wire set into the road surface

MOTORING

STUART MARSHALL

communicate with a central computer on which journey instructions are stored. Each car has a four-digit dialling device and a visual display panel, linked by means of the road loops with the computer. At the *start of a journey,* the driver dials up the computer and tells it where he wants to go.

As he drives over the first loop, the information is registered by the computer which starts to give instructions. These are received by the car as it goes over succeeding loops and *are displayed on an illuminated* panel set in the fascia, after a musical little peep has told the driver to look. (The picture shows the display telling the driver he should not be exceeding 30 km/h, that he has to stop at the next intersection and turn left, and that the road is carrying two-way traffic.)

If the driver stays on course, the panel confirms it at regular intervals. Should he take a wrong turning, it tells him to stop and go back.

At the moment, LISA is working only on roads within Volkswagen's 2,620 acre proving ground near Wolfsburg. *But in* mid-1979 a scheme covering 100 kms of heavily used autobahn between Essen and Dortmund comes into operation. A total of 400 cars regularly driven by private motorists and interested authorities in the Essen-Dortmund district will be equipped with LISA electronics. The experiment will last until the end of 1980 and *cost over* £4m, of which the government will pay 75 per cent, Bosch and VW the rest.

What is it like driving with LISA by your side? At first, it *is uncanny and vaguely disturbing to have a hidden influence* telling you exactly what to do and even wagging an electronic finger at you (actually, flashing a light) if you disregard its instruction to keep below a certain speed.

But it is easy to think of circumstances when it would be an absolute boon.

For example, how comforting *it would be to land at a strange* airport on a pouring wet night, pick up a hire car and be guided electronically to a town 100 miles away that you had never been to before.

But is it a bit Orwellian to have Big Brother (or in this case Big Sister) controlling you? I suppose it is, but no more so than it is for a pilot following *the air-lanes by dialling up one* radio beacon after another.

Some of the future implications of LISA are more alarming. Would it, I asked, be possible for LISA's loops to check your speed, detect an offence, send you a penalty ticket or even deduct the fine from your computerised bank account? Theoretically, it seems, it could, though not with the present equipment.

Once a government gets the smell of money, though, one feels it may only be a matter of time.

Small screen ways

MOST PEOPLE would agree that televised golf has improved by leaps and bounds in most areas since the late great Henry Longhurst brought it to a BBC audience in Britain that has grown to staggering proportions.

The only trouble, the majority of them would say, is that there is not half enough of it. The obvious reason for this is that golf is one of if not the most expensive sports to stage in terms of manpower and equipment in a live broadcast.

For instance, now that the new television complex has been hidden in the woods behind the Eisenhower Pond *at Augusta National Golf Club,* the cable run in Longhurst's traditional perch at the 16th green for the Master's tournament, where he has been sadly missed since 1975, is well over 5,000 yards from the control room to the tower, all of it buried underground.

Imagine the staggering expense of assembling mobile *outside broadcasting units from* all over Australia in Sydney to cover the Open Championship there with three to four cameras stationed at each of the 18 holes and four more mobile cameras roving the fairways, as did Kerry Packer's Channel Nine last year, and only slightly less ambitiously in 1975 and 1976.

But in every case, except the *BBC and Australian Broadcasting Corporation,* golf is brought to the screen because commercial time is energetically *sold by the networks concerned.* For example, CBS, which recently bought a $30m package from the PGA tour in the U.S. *for the right to televise between* 20 and 25 professional tournaments in each of the next three years, did so in the knowledge *that such a vast investment* would automatically bring in a colossal income of around $75m in commercial time sold.

In America, the all-important viewing figures that govern practically every other programme's survival or otherwise, do not apply to golf, whose viewing audience hardly justifies such huge outlays. The important point with advertisers is that although the audience may be small, it is the right one. Golf here appears to go further and further up-market, beloved *as it is of* manufacturers of expensive cars, insurance companies and other concerns not exactly pre-occupied with the *poverty bracket.*

So there exists in televised golf very much a chicken and egg situation in which operational costs largely govern technical development. Anyone who watched the sophisticatead CBS coverage of the U.S. Masters Tournament live on ITV last April will appreciate how *much splitting the screen,* inserts of close-up pictures of players' faces, slow-motion replays, and computerised caption writing, can add to the smoothness and entertainment value of the production.

But on this occasion no expense is spared by the network. This week-end, the CBS coverage of the Sammy Davis Junior or Greater Hartford Open here will be a one-unit, 11-camera production necessarily of vastly less sophistica*tion, despite the expertise of* the production staff concerned.

I was only able to watch the BBC coverage of the Open *Championship at St. Andrews in* snatches, a situation for which I became profoundly grateful long before the week was out.

GOLF

BEN WRIGHT

HARTFORD, Connecticut, July 28.

It was astonishing to see how *far the quality of the BBC pro*duction has deteriorated since the golden days of Longhurst at the height of his powers.

Those of my colleagues and friends who were able to watch more of the BBC presentation than I were unanimous in their *condemnation of it both from* the technical and verbal standpoints.

If the director had ever got around to *splitting the screen,* for example, we might have seen Simon Owen hole his chip shot at the 15th hole in the *final round to take the lead.* Where were the slow-motion replays of the vital strokes?

Why wasn't Owens' chip shot recorded since he was tied for the lead at the time? One could go on and on, and I am sure the BBC could plead poverty as their excuse, as they are wont to do nowadays.

But a restricted budget has nothing at all to do with the standard of commentary, which must have broken Longhurst's heart. In my humble opinion, the decision to use four professional golfers as a back-up team for Peter Alliss, was nothing short of disastrous. This last adjective is a polite one compared to many I heard none too quitely voiced within the confines of the R & A tent, incidentally. The verbal homicide committed at the expense *of the Quen's English was bad* enough. Some of the dialect was virtually incomprehensible, particularly to visitors from *abroad.*

There will always be complaints that far too much putting is shown, but this department is unfortunately almost half the game. The use of the slow-motion replay can *be overdone, as it has been in* the past, particularly by ITV. CBS has come up this season with a gimmick called Actiontrak *which shows the progress of a* putt towards the hole in a series of white dots that can describe most graphically a big swing, *as can and does occur on the* villanous 14th green at Augusta. But unless there is such a pronounced curve, the gimmick *quickly outstays its welcome.* The following of a golf ball in the sky can be terribly misused unless it relates to the golfer *and the landscape.*

All these things are a matter for personal preference and debate, as are commentators. But few would argue that Longhurst was the best of them all. I will remember him for many abilities but possibly most of all, besides his flashing wit and encyclopaedic anecdotal memory bank, for his use of silence as the most dramatic weapon of all commentators. Longhurst was never at a loss for elegant words, almost always finding the most effective for the situation and pictures concerned. But only he could make silence truly golden.

YACHTING

DAVID PALMER

SOME TIME today, either the American Rogue Wave or Chay Blyth in Great Britain IV will cross the finishing line in Plymouth to win the fourth Observer/Royal Western Round Britain race.

Both are giant trimarans. Both have been raced flat out around the 2,000-mile course. Whenever the wind has gone light, Chay Blyth and Rob James in the smaller but lighter and more heavily canvassed GB IV have gone into the lead. Whenever it has blown hard, Rogue Wave's extra length and more versatile sail plan have put her in front. On the four legs of the course to Lowestoft, each boat has led the fleet twice. When they both left Lowestoft in the early hours of Thursday morning, GB IV was just 2½ hours behind Rogue Wave with 300 miles of largely windward sailing ahead of them.

The sentimentalists are backing Rogue Wave. She is skip*pered by Phil Weld of the U.S.* and crewed by David Cooksey, a British businessman. Phil Weld, now in his 60's has recently sold his newspapers publishing business and retired to a life of full time trimaran sailing. This is his third Round Britain (he has finished third in the last two), and victory today would be a fitting climax to 12 years as one of the leading apostles of multi*hull development.*

Among the other classes, the Dutch Tielsa II (Dirk Nauta) should hold on to her position as first monohull. She has over four hours in hand over Robin Knox-Johnston in Great Britain II, who tore his mainsail out on the last leg from Lerwick to Lowestoft.

In the under 35-foot class the American Wally Greene and his wife Joan are romping away with the multihull prize in A Cappella.

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A touch of the sun

IT HAS BEEN a confusing week, and not only in Westminster. Almost around the world stock markets are tending towards their year's high. Yet at the same time the price of gold, which normally moves in the opposite direction, has been steadily advancing. In London the All-Share Index not only reached a new 1978 high on Thursday: it also moved to within 2 per cent of its all-time peak, achieved as long as six years ago.

On Wednesday came the joint TUC-Labour Party agreement *Into the Eighties*, a document which the Prime Minister must be glad to have out of the way with as little publicity as possible. And on Thursday there was the Dividend Bill. Since the Government made it clear in advance that it was determined to introduce it even if if could not guarantee safe passage, it must be assumed that the purpose was largely symbolic. While in the short term it has not knocked the market, the fact of its longer-term damaging impact on the economy remains.

On the surface, all that looks reasonably satisfactory from the Government's point of view. And yet it is a characteristic of Mr. Callaghan's administration that it usually has been quite calm on top; it is the stirrings beneath that are more disturbing. *Into the Eighties*, for example, cannot be simply brushed aside even if it is not, as the Prime Minister stressed, the Labour Party Manifesto. The threat to remove any remaining independence from the Bank of England, the emphasis on planning agreements and talk about the direction of investment — all these and a great deal more will remain on the record for Labour activists to refer to and to press on the party leadership. The Labour Movement indeed has not changed much since Mr. Callaghan took over, even if he has been able to stop the wilder flights of fancy.

Stirrings

There may be special reasons for the London performance. The on-off-and-finally-on-again dividend control saga seems in the end to have had a mildly beneficial effect. The market has taken the view that the idea that a company's pay-out ought to reflect its profitability has been accepted at least in principle, even if it is still going to be difficult fully to implement it. A similarly charitable view has been taken of incomes policy. For the moment the figure for Phase IV settlements is 5 per cent, even if it has been rejected by the TUC. It will be at least some weeks before it is put to a serious test.

On firmer ground there is perhaps room for some optimism about interest rates. The next move seems likely to be downwards, and although it is harder to say when it will come, it is reasonable to assume that the Government would like to see some relaxation—perhaps by several stages—during the holiday period and the run-up to the general election.

There is, in any case, a widespread feeling that the holidays are almost upon us and that politics can be put briefly aside until the time comes for the election campaign proper to begin. Most of the Government's actions in the past few days have been of the tidying up variety, and there is in fact very little left for it to do. The Dock Labour Scheme was lost in the House of Commons on Monday without too much pain. On Tuesday Mr. Callaghan scored an unexpected debating triumph in the exchanges on the incomes policy White Paper—a setback from which the Parliamentary Conservative Party had still not quite recovered at the end of the week.

Tory odds

Nor is Mr. Callaghan himself entirely free of blame. The Dividend Bill was quite unnecessary. There is no evidence that the unions had been asking for it, nor had much interest in it. The Government could have allowed the controls to lapse without difficulty, but chose not to do so. When the election comes, that readiness to lean over backwards not to upset left wing prejudices should not be forgotten.

As for the Conservatives, it may have been a bad week, but they can still take comfort from the opinion polls and their performance over the years in the various by-elections. Going by recent odds the bookmakers at least seem to favour them, and there could be worse judges than that. In the end the result will probably depend on the campaign. As in the markets, there could be exciting times ahead.

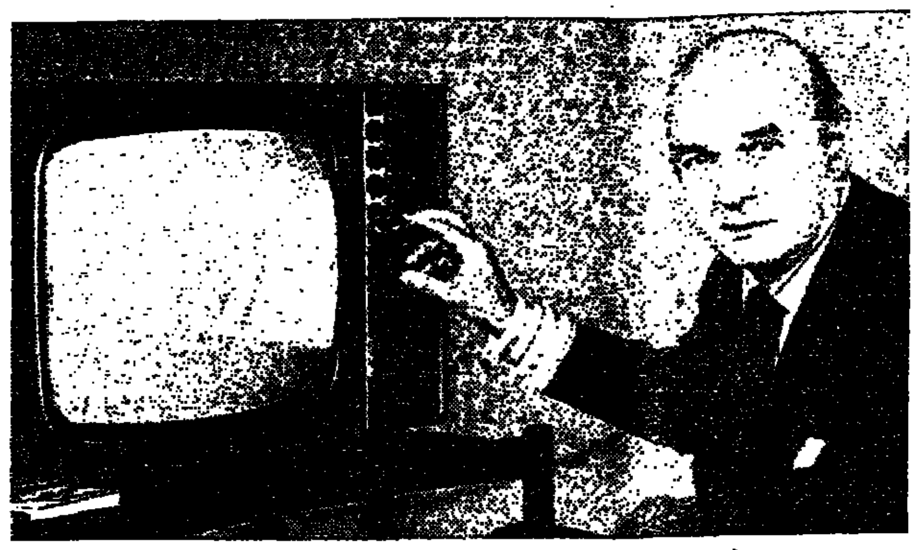
Opening the floodgates to a new wave of broadcasters

BY ARTHUR SANDLES

THE NEXT FEW months are likely to see the liveliest period of broadcasting industry head-hunting in the UK since the setting up of commercial television in the mid-1950s. Publication of the Government's White Paper on Broadcasting has opened the floodgates to those who aspire to broadcasting power. If the present plans go ahead over the next five years, management, production people, and on-air talent are going to be needed for: a new television channel; new consortia to compete for the present Independent Broadcasting Authority franchises; at least 50 new local radio stations; and perhaps for a series of pay-TV experiments which may be set up. With the IBA's overlordship new extending down to the in-house radio stations of Britain's hospitals it is possible that even this modest field of activity will become an area for attention by the broadcasting ambitious.

Nor is an election likely to change the broad patterns in this scene. Since the White Paper contains Labour's plans, a Labour Government would, presumably, see them through. The main Conservative changes would involve the fourth channel (which would go to ITV but still need substantial additional staff) and the administration of the BBC. What the White Paper has done is assure the broadcasting fraternity that there is political interest in the subject after all.

Donald Baverstock: bidding for Tyne Tees.



Lord Annan: the contracts issue remains unresolved.

Applicant groups

The two immediate areas of interest are local radio and the new ITV contracts. Neither of these fields need legislation and in the case of radio all that is required is a few words from the Home Office. By all accounts the reaction should be pretty rapid. The Independent Broadcasting Authority says that potential applicant groups are known to exist at varying degrees of readiness in some 70 or 80 areas throughout the UK. And the BBC already has its own list of 18 stations which it is eager to start work on soon—assuming it gets something like the £30 annual television licence which it is now seeking.

All that needs to be sorted out as far as radio is concerned is frequencies. We have come a long way since the BBC claimed there were not enough frequencies for Britain to have the sort of local radio network which is boasted by other countries. Now it seems there are enough to provide the UK with a radio system which is superior to that found anywhere else in the world—as it already is if you are fortunate enough to be living in London, where there are two good commercial stations, a BBC local channel, and all four national BBC systems.

The BBC, the IBA and the Home Office will now sit down and work out the frequency allocation. This process may not take anywhere near as long as the search for transmitter sites and the process of obtaining planning permission to erect transmitter aerials.

Fortunately for radio, talent is less difficult to find than it is for television. There is a ready supply of competent journalists eager to try their hands at radio work, and the entertainment side of the business can draw on the invaluable training ground provided by the explosive growth of discotheques. Television demands an additional dimension, however—a screen presence is not easily acquired.

It is for this reason that the fighting over the next round of television franchise areas is likely to be a good deal less gentlemanly than the arguments over radio contracts. In order to bid for contracts any outside organisation has to prove that it has been able to recruit talent—but in order to get this talent it must raid present contractors and sign-up people for future use. It is a system fraught with danger and heartbreak.

The White Paper gently slides away from the issue, tending to leave the impression that in 1981 we could have the same scramble as in the late 1960s, with the same potential for bloodletting.

The White Paper recalls that Annan recommended that television contracts should be rejected. (A rolling contract awarded for a fixed period of seven years and that the idea of rolling contracts should be rejected. (A rolling contract is one which has no fixed break point, but under which a contractor is under permanent notice of, say, two years.) The Government points out that "the advantages which are claimed for a system of rolling contracts over a system of fixed term contracts are that the former offer greater security of tenure for a programme contractor and that, by enabling the Authority to refuse to roll the contract (or to roll it for a shorter period than it would otherwise permit), the Authority has greater leverage at more frequent intervals to require a programme company to improve the service it is providing.

"The disadvantage of a system of rolling contracts is that it is too favourable to the incumbent programme contractor; if the contractor's performance is not satisfactory it can be given, and the Authority will be under great pressure to give it, another chance. Moreover the system could inhibit the Authority from making such changes as it considered desirable to the franchise areas."

The Government is now looking for comments on this point and will make up its mind later. The dilemma was clearly spelt out during the hearings of the Commons Select Committee on Nationalised Industries when the leaders of the IBA were being questioned by MPs. No one seemed too concerned by companies being at risk on their contracts; they had, after all, taken their contracts on that basis. There was, however, considerable concern for the staff of those contract companies. Was it really being suggested that the IBA should be able, at will, to kick several thousand people out of work simply because it did not like the type of programmes produced under the direction of that company's management?

Needless to say the answer to this was that the staff were not likely to remain unemployed for long. Any new contractor would have to find employees, and the most likely source would be the company which lost the contract in the first place. The heads which rolled would be those of senior management.

Clearly at the moment there is considerable interest in what the IBA might do in 1981. No one expects the kind of Lord Hill revolution which turfed out TWW (Television, Wales and West), destroyed Associated Rediffusion as a separate entity, and produced London Weekend and Yorkshire. The most that is genuinely touted at the moment is the easing of Tyne Tees away from Trident; the splitting of ATV's Midlands franchise: and an attack on the once weak but rapidly strengthening London Weekend.

The Tyne Tees bidders are the ones which would show their hands most strongly at the moment. In this case some well-known names are involved, notably Donald Baverstock, ex-BBC and ex-Yorkshire TV: and Tom Margerison, himself ex-LWT. The Tyne Tees area is a peculiar television situation. It was in 1971 that Yorkshire took Tyne Tees under its umbrella in a deal approved by the IBA, partly thanks to a row which was going on over a transmitter in the southern Yorkshire area which threatened to lose YTV some territory.

Several Newcastle dignatories have signed themselves up as backers of the Baverstock-Margerison bid, and money has been promised from local brewing and other interests. The consortium was cheeky enough to bid recently for the Tyne area contract from the summer of this year.

It would be naive to think that this was the only consortium on the go at the moment; there are several others which have yet to declare themselves. The contract business is an extremely sensitive one. Normally a prospective bidder tries to sign up senior television people from both commercial companies and the BBC in order to impress the IBA with his array of talent. Clearly no senior BBC producer is keen for his employers to know that he is in league with a possible rival and when such news slips out, as it sometimes does, the consequences can be awkward. Bidders who reach the final stages and lose are in almost as dire a position as those who have a contract and fail to have it renewed.

Probably the most sought after man at the moment in all the lobbying which is going on is Mr. Jeremy Isaacs, currently programme controller at Thames Television — Britain's biggest and arguably most successful commercial television company. Isaacs recently resigned from this post. Apparently he had taken the job on for a specific period and when the contracts were extended it was clear that he would be leaving at the very time when Thames was bidding for renewal. Isaacs has said he wants to go back to programme making and denies that it was a clash of ideas over scheduling with Brian Cowgill—managing director of Thames and former BBC scheduling whiz-kid—which provoked the move.

Programme maker

Isaacs is now the hottest property around. If he is determined to revert to being a programme maker then one of the consortia might be eager to recruit him. On the other hand if he can be tempted into continuing in management, clearly many a consortium would welcome him as their leader. The one drawback in all this is that there have been suggestions that one of the main reasons behind Isaacs's departure was his increasing irritation at interference from the IBA. (He was, of course, involved in the Northern Ireland programme banned by the IBA and shown in part by the BBC.) If that is the case he might be less than willing to have a full frontal involvement with the Authority again.

The one big job which is going to cause the greatest attention is that of head of the OBA channel (or if the Tories win the next election, ITV-2). This appointment cannot be far away, since the establishment of the channel will take three or four years from go-ahead and someone will have to steer the organisation in this period.

To those not eager to become involved directly in consortia the whole business of the OBA has opened up interesting prospects. The Authority will not itself be a producer of programmes. "The OBA will have a special obligation to seek programmes from a wide variety of sources and to provide programmes which cater for minority tastes and interests," says the White Paper.

There are those who have not been slow to notice that this means anyone is free to make contributions. The OBA will be in the market for programmes of all types, and thus someone who comes up with a good series on, say, fishing, or investment in Chinese porcelain, wants to make a drama series or has a bright notion for a documentary, is likely to get a welcome. This may not only appeal to impecunious independents. In the U.S. the Public Broadcasting System has been of particular interest to major companies making sponsored films. The sponsorship, which is allowed under the White Paper rules for the OBA, can still produce quality television.

American majors tend to make prestige films using famous personalities at considerable cost and with no direct relation to their products. The company name is used at the start and end of the film and it is normal for the companies to take large advertisements in the newspapers of the day promoting the film with messages like: "The Glurk Oil Company proudly presents, Man and His Environment, with Laurence Olivier on Channel 34. Glurk, the high mileage oil really cares for your life style."

It may take a little time for British companies to adjust to this style of promotion but on American form they probably will.

There have been doubts expressed in evidence to the Annan Committee and in various reviews of its findings over whether or not Britain has a sufficient pool of talent to meet all the demands being placed upon it. If there is so much skill about why is there not more evidence of it on our screens today? It is a fair enough question and, if the new channels and radio stations were to open tomorrow there almost certainly would not be enough trained talent to go round. But with much of the British film industry under-employed there is plenty of slack around if someone is willing to spend time and money taking it up.

Letters to the Editor

Olympics

From Lord Luke.

Sir, — I note with interest that your two articles in the issue of July 22 on the subject of the Olympic Games in general and Los Angeles in particular, largely cancel each other out.

I cannot, however, let it pass without recording my concern over the inaccuracies — let alone insults — concerning Lord Killanin.

Perhaps your correspondent, Mr. Maurice Irvine, would care to inform Mayor Bradley and other council members that in the opinion of the members of the International Olympic Committee, the International Sports Federations and the National Olympic Committees round the world, Lord Killanin is neither pompous, intolerant, nor autocratic. He is — on behalf of the IOC — upholding the rules of an organisation which have lasted well for 80 years or more and proved most successful for every succeeding Olympic Games.

If I should dare to offer my advice to Mayor Bradley it would be that since a consortium of businessmen has offered to underwrite the Games in Los Angeles it might be that Mayor Bradley could accept the IOC contract with the backing of the businessmen — he could surely satisfy the taxpayers in that way.

Luke.
Odell Castle, Odell,
Bedfordshire.

Headlamps

From Major A. Sutton.

Sir,—I would not wish to prolong the subject of headlamp flashing but your correspondents Mr. D. Hage and Mr. P. Jackson (July 24) refer to me, without even knowing whether I drive a car, in such terms as to make it necessary to enlighten them in their absolute misinterpretation of my letter, and also of my own attitude to the subject in debate.

The point, which I hope to have made at least to yourself and other readers, is that we have here an MP, Mr. Johnson, Labour, Derby South, who by his own implied statement from your paper, is irritated and scared by headlamp-flashing "when in the outside lane doing 70." He makes no mention of overtaking, but merely of being there. Had he not said "doing 70," the implication of staying there for the sake of it would not have been so clear. By virtue of being an MP he wishes to soothe his momentary irritation by wild-cat and impractical legislation. Perhaps he thinks everyone who flashes him is a Conservative! What a state of affairs it would be if attempts were made to pass laws every time someone is annoyed during a motor journey.

The vast majority of drivers shrug off such things and proceed on their way, and failure to do this results in a nervous and fragile state of mind, making such a person, MP or otherwise, unsafe himself on the road. I might add that had it been a Conservative MP I would write in just the same vein; though I support that particular party, they have done little more than tax the motor-car, and regard it with hostility, but as a convenient milch-cow. Perhaps your two correspondents support Mr. Johnson politically. I know not, but this we all see every day, that a Socialist, wherever or whatever he be, screams blue murder at any criticism, and for a certainty carries this in-built attitude into motoring on occasions, as well as elsewhere.

Mr. Hage and Mr. Jackson attribute, without knowing me, to my outlook on motoring, those very things which in fact I abhor, and which it would surely, I would have thought, be impossible to imply from my letter. I can assure them most firmly that I, as them, detest the hog, the pirate, the "exhaust-pipe" driver, the deliberate slow-hog, and all the nuisances which I have to tolerate in the 30,000 miles I cover annually in my car. I further feel it my duty to thank them for telling me about the Highway Code, which I have read, and could write myself. When I started driving in 1931 it hadn't been invented, and there is nothing new today that is not covered by good manners, ability, competence, and regard to prevailing conditions of traffic and weather. I also took and passed, first time, the Institute of Advanced Motorists' Exam. in May, 1959, and have done nothing to offend my fellow-motorists or warrant the confiscation of my badge since—or before, either! Just to give Messrs. Hage and Jackson a bit of bait to bite, however, I raced at Brooklands before the war, and took part in reliability and speed trials with great enjoyment and without bashing myself or anyone else. To conclude, motoring has innumerable facets, each journey is a completely new and unpredictable occasion. When inspecting MPs' cars in the House of Commons courtyard I have not seen any vehicle whose owner, by its appearance and condition, has any qualification for omniscience in these motoring matters. Indeed, why should they, when most commercial travellers, likewise the staffs of Autocar and Motor, are far better qualified to set out rules of the road, because these latter people live with motoring day in and day out.

(Major) A. B. de S. Sutton.
St. Margaret's Priory,
Rattlesden,
Bury St. Edmunds, Suffolk.

Driving

From Mr. D. Griew

Sir,—The correspondents who attack Mr. Walter Johnson (July 14) have all seized on the idea, suggested by his own words, that he is an inadequate driver who regards a speedometer reading of 70 mph as justification for remaining in the overtaking lane. These letters reveal the amount of frustration caused by this inconsiderate behaviour, which is certainly common.

Yet Mr. Johnson has a perfectly valid point, which he seems to have failed to make. Some of the drivers he criticises really are inexcusably dangerous, not because they flash their headlamps, but because they also close in until they are about a car's length behind: a distance travelled in less than one-fifth of a second at 70 mph! The leading driver is now in a situation where he hardly dares to touch his brakes at all, since the "cowboy" (who may appropriately be wearing boots, and for that matter may be a girl) is unlikely to be capable of moving from accelerator to brake in less than half a second after seeing a brake light.

He can only pray that the road remains clear ahead, so that he doesn't need to use his brakes before he has a chance to move over. If he chooses to stay in the overtaking lane, he must value his pride above his life, because even a slight collision at this speed can initiate a sequence of accidents, involving more vehicles, ending with roll-overs, crushed cars, and so on.

The behaviour Mr. Johnson complains of is punishable under existing law, but the police seem to prefer to concentrate on offences that are easier to measure and to prosecute successfully. They might at least make an occasional example of these offenders, perhaps using photographic evidence—and why shouldn't such pictures be offered to the Press?

D. C. L. Griew.
"White Gates,"
34, The Ridings, East Preston,
Littlehampton, Sussex.

Petrol

From the Commercial Director,
Craven Tusker (Andover)

Sir,—In Tuesday's paper it was stated that the abolition of the Excise duty on petrol driven cars would increase petrol by 19p per gallon.

This takes a lot of believing. £50 tax=5000p÷19p=263 gallons per year. I feel sure there are only a few second cars in families with annual mileage so low and what about the saving in staff etc., at Swansea?

A. E. Wisewell.
Anna Valley,
Andover, Hampshire

Nationalisation

From the Director, Aims

Sir,—You report that the plan by the nationalised British Shipbuilders to diversify out of ship and marine engine building was attacked by the engineering employers as "morally wrong" (July 21).

This move has to be seen not only in connection with shipbuilding, but also against the whole impetus towards "galloping nationalisation." A few years ago Aims' research showed that over 1,000 companies were owned by the state in total or in part—even unto a football club!

We are just completing a new research study, and results show that under this Government the situation is just as bad. Nationalised industries must be prevented from using the tax payer's money to diversify right across industry and to increase the muddled corporatism which is such a feature of our present society.

Michael Ivens.
Aims.
5, Plough Place,
Fetter Lane, EC4.

Productivity

From Mr. M. Greener. —

Sir,—The one common factor in various criticisms regarding our rating in the international economic league appears to focus on our dismally low productivity which, in the long run, is possibly the root cause of all other UK economic ills.

There seem to be two prime contributory factors to our productivity decline and fall. The first, as has so often been observed, lies in considerable overmanning—and at management levels as well as on the shop floor, not to mention within the area of bureaucracy. The second, and more subtle factor, lies in the determination of the state, albeit indirectly or unconsciously, in its perennial war against competitive economic forces, to remove competition not only in the market place for goods but also in the sphere of employment. The need for responsible trade unions should not lead us into an acceptance of the apparent insistence of those unions to cocoon their members to the extent that security of employment is completely independent of either group or individual levels of efficiency. Good management has been deprived of the power to replace unproductive units of labour with efficient units without inviting complete industrial disruption. Nowhere is this more obvious than in those industries controlled by the state itself where, by the very nature of socialism as she is practised, the one cocoon is reinforced by another.

Traditional economic forces would have used present high levels of unemployment to increase both the competition for work and, thereby, productivity levels. That such forces are no longer acceptable may be understood but is it also acceptable that union interference coupled with an absurd Social Security system should not only remove the likelihood of men competing for a limited number of jobs but should actually make the giving up of work altogether an attractive proposition?

In the present political climate a proper solution to the problem of an abysmally low level of productivity is little more than a pipe dream. The only real hope would be for capital and labour to shake free of traditional prejudices and get together with the avowed object of cutting manning levels to a minimum and not only on the shop floor but within the areas of management itself and the bureaucratic jumble of paper-processing in which it dwells. The immediate effect of such action would obviously be to inflate the already high unemployment figures. That, however, is a problem for the state which it could well tackle by organising the unemployed into "dole brigades" which would be deployed by the Department of Social Security in areas of socally valuable work too diverse to interest private enterprise.

It is worth noting that a much reduced industrial workforce would be well placed to negotiate attractive wage rates and, in so doing, provide its members with an incentive to keep their job. There would also be a new incentive for members of the "dole brigade" to seek to join that workforce by proving their superior efficiency.

Michael John Greener.
9, Romilly Park,
Barry, S. Glamorgan.

Zero

From Mr. E. Banchero

Sir,—Mrs. Wittenberg (July 19) is talking twaddle. Already 20 years ago I noticed that people in the street and notably secretaries were unable to move the zero either way and relied on the help of ready reckoners.

It is indeed a sad state of affairs which I simply ascribe to an inborn aversion in the British to anything decimal and which prevents anyone but the better educated to multiply or divide by 10.

The fault therefore lies entirely with the teacher and not the pupil. And the national propensity to do things by fractions, quarters, sixteenths and so on does not help.

Emilio G. Banchero.
The Studio,
10b, Elizabeth Mews, NW3.

Lessons of the disaster in Atlantis

BY MICHAEL DIXON

"OUR HIGHLY-TRAINED officers are standing ready," said Mr Alan Simmance, Chief Commissioner of Police. "We shall not hesitate to act decisively. We want no airy fairy objections from the Social Affairs Department."

Prime Minister Geoffrey Tideswell nodded, and turned to Transport Minister Rene Carrillo, asking: "I assume the transport trades unions will co-operate fully if there is an emergency?"

"From what we have just heard from the Police Department," Mr. Carrillo answered, "I should imagine so."

The other 11 members of the National Disaster Emergency Committee of Atlantis—a parliamentary democracy located on a peninsula somewhere in the Indian Ocean—smiled wearily and looked at the clock. Oddly enough, the hands were not moving.

Suspended time

The reason was that IBM's Scientific Centre at Peterlee had suspended time in the make-believe peninsula until the people taking part in the computer-based Atlantis exercise for training "disaster-managers" had grown used to their roles and responsibilities.

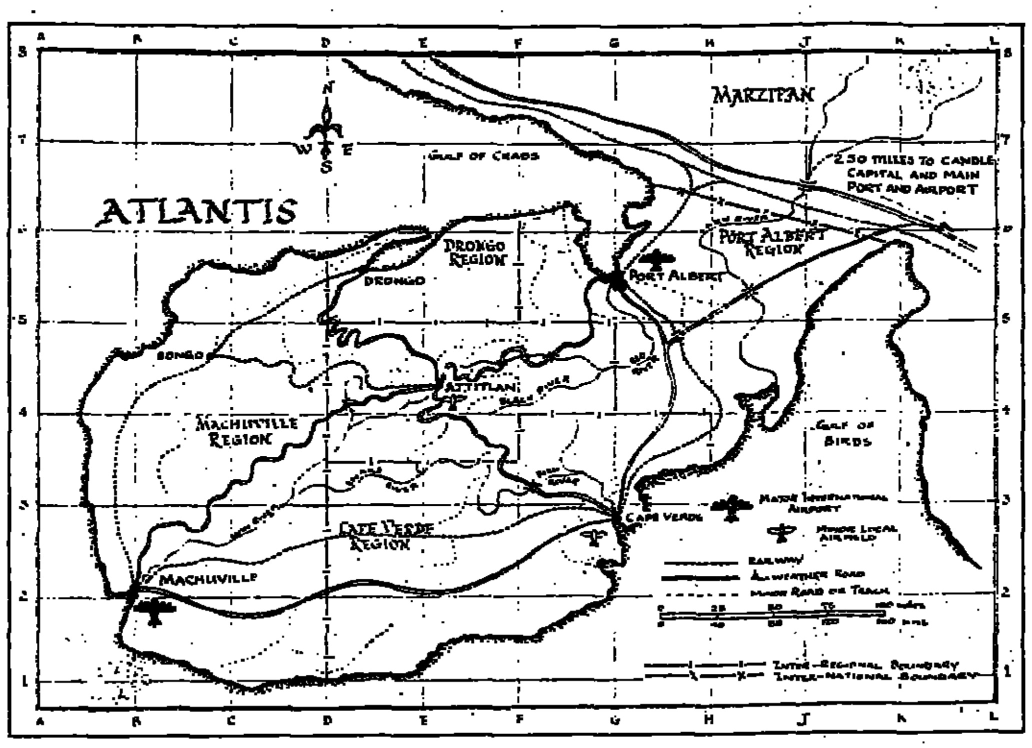
This was the sixth run of the exercise, designed to give administrators a feeling of the difficulties of organising major relief in the wake of a catastrophe, whether natural, such as an earthquake, or accidental, such as a chemical plant explosion. Lieutenant Colonel George Ritchie of the Royal Military College of Science, who worked with Lancaster University under IBM sponsorship to develop the exercise, believes its greatest potential lies in training officials of developing countries which, although highly prone to disasters of one sort or another, seem virtually unprepared to cope with them.

The joint creators of Atlantis are supported in this view by the League of National Red Cross Societies in Geneva, which sent Mr. Carrillo to take part this week in Peterlee. But the necessary extra sponsorship to take the project to the developing world so far has not been forthcoming from the United Nations Disaster Relief Office, although the UN's Geneva High Commission for Refugees lent Mr. Simmance for the sixth run.

The remaining 15 participants—a dozen committee members and three official observers—came from relevant organisations in Britain where, while courses in emergency-management are provided centrally by the Civil Defence School in Yorkshire, the responsibility for preparing to deal with non-military contingencies such as poisonous seepages, Jumbo jet crashes and oil slicks is effectively left to local authorities.

The British participants in the Peterlee exercise, which ran from Wednesday until yesterday, came from the Home Office, the Fire Service Inspectorate, the Scottish Health Service, and the Red Cross Society.

But only one local authority was represented—that of Greater Manchester, which contributed its county secretary, Mr. Tideswell, as Prime Minister, and its senior assistant emergency planner, Mr. Bernard Hayes, as Home Secretary. While denying that their attendance indicated any cause for unusual worry in their area, the Manchester pair stressed that these days governmental executives "can be good only by being careful."



Peterlee's Atlantis is make-believe; but the disaster problems tackled are real.

Anxiety to counter unemployment tended to promote expanded industrial development, explained Mr. Tideswell, which in turn tended to increase the threat of catastrophe in ways effectively beyond a local authority's control. "For example," said Mr. Hayes, "there must be a lot of housing in this country within deadly range of industrial sites storing a lot more propylene than that tanker-load which devastated the Spanish holiday camp the other day."

Hence their, and the other participants', interest in taking part in the exercise, which for its verisimilitude depends heavily on a computer programme developed by Lancaster University's subsidiary company, International Systems Corporation, of Lancaster.

Another finding of Lt.-Col. Ritchie's study was that governmental officials are generally not geared for the kind of work, involving high speed as well as level-headed decisions in uncertain circumstances, demanded by disasters both natural and accidental.

The computer programme helps to tune administrators to the required performance by producing a bewilderingly swift and copious flow of information. It simulates all the sub-ordinate officials and services on which the Atlantis national committee could usefully call in trying to relieve a disaster. The programme also simulates the country's whole population and their needs of food and other support, and determines the size, place and availability of resources such as fuel, transport, medical services and communications links.

The committee's members for "physical resource" areas of government, including public works, telecommunications, defence, and health as well as police and home affairs, are thus plunged into a situation at once demanding, confusing and strained. But the exercise directors also introduce complexity of purpose by throwing in a couple of Social Affairs Department representatives in whom concern for human rights is at all times paramount.

Even before this week's Atlantis committee knew an earthquake had hit them, for instance, social affairs official Miss Pam Pouncey, who in real life works for the British Red Cross Society, was asking about the religious persuasions of the different regions so that the dead might be disposed of in accordance with their beliefs. "Wouldn't we do better to find out if there are any machines that would gobble them up as fast as we shovel them in?" contended Police Chief Simmance. But Miss Pouncey won. An early instruction to the shattered central region around the city of Attitlan stated categorically that all bodies identified as belonging to the Flat Earth sect were to be buried vertically, head downwards.

Besides this conflict of principles inside the committee, the exercise's directors introduce what they call, euphemistically, "noise" from outside. Not all the information fed to the committee about the effects of the disaster, such as the blockages of roads, is correct information—although with a bit of thoughtful probing the disaster-managers could detect which reports are unreliable.

Extra 'noise'

Extra external "noise" was provided at Peterlee by the quiet mayhem-making of Dr. Lewis Watson, of Lancaster University. He sat, seemingly asleep, while Lt.-Col. Ritchie set the Atlantis clock racing with the announcement that a suddenly cut-off radio distress-message from Attitlan had two hours earlier caused the Prime Minister to despatch a reconnaissance aircraft to the region, and to assemble the National Disaster Emergency Committee in the Government's headquarters at Machuville.

Dr. Watson also stayed unmoved as the aircraft reported that Attitlan and surrounding villages and towns were largely in ruins, and in some parts burning, with great cracks in the local reservoirs suggesting that no water would be readily available to fight the fires, and people teeming towards the damaged airport, railhead, and along the main road south to Cape Verde. But it was not long after Premier Tideswell had declared a state of emergency that Dr. Watson informed him that if the defence chiefs decided to take over the country, or the neighbouring state of Marzipan took the disaster as an opportunity to invade, then the computer programme certainly would do nothing to maintain Tideswell Government in office.

Naturally, therefore, he and Lt. Col. Ritchie were delighted when the three Press reporters, present to observe the exercise, decided to take a professional hand in it.

By 5 pm Peterlee time, though in the early hours of a monsoon morning in Atlantis, it transpired, for example, that enough reporters from other countries' newspapers had flown into Machuville to necessitate a top-level Press conference. The Premier and Home Secretary were therefore suddenly pulled out of the committee room to answer questions. And one reporter lured the Prime Minister into stating that the potentially rebellious Armed Forces chiefs were secretly under constant watch by the security services.

The "world's Press" thus went off to type a story to gladden the most jaded news editor. But when, as a last gesture of goodwill before leaving the IBM centre, they handed the story to the committee, it was not even read. The disaster-managers' attention was elsewhere. They were just hearing a radio message that a second earthquake, accompanied by a tidal wave, had struck the crucial harbour of Port Albert.

Orderly

But they were not dismayed. By yesterday morning — a full week later in Atlantis — the stricken region was starting to achieve an orderly recovery, and George Ritchie judged "the team's whole performance" to have been extremely good.

The same was said, apparently, by the late Prime Minister Tideswell just before he stepped aboard an aircraft on Thursday night to visit the Attitlan area, to be heard of no more. His presumed demise led Defence chiefs to prepare for a coup. But they were eventually persuaded, in the interests of democracy and the disaster victims, to accept Dr. Ken Groom, who took up the job of the national committee's co-ordinator, after working at the Royal Institute of Public Adminstration in London, as caretaker Premier pending a general election.

"The critical factor in preserving democracy was Miss Pouncey," Lt. Col. Ritchie added. "The Defence chiefs were visibly swayed by her appeals for unity."

Weekend Brief

Pays to advertise

In one of those coups that periodically convulse the advertising world, Kodak has just sacked its advertising agency of 16 years standing, J. Walter Thompson, and transferred its advertising account to one of JWT's fastest-growing, most aggressive rivals, McCann-Erickson. The switch is effective from next year. The account, expected to be worth nearly £3m this year, involves all Kodak's mass-media UK consumer advertising and is one of the largest of its kind in Britain.

For Kodak, the break marks a painful parting, for it is very rarely that advertising accounts as big as this change hands. For JWT, the Kodak loss will be taken as a sign that its long-held position as London's biggest, most prestigious ad agency, is beginning to buckle, though its resilience is considerable. For McCann-Erickson (the McCann chain already handles large slices of Eastman Kodak's international advertising), the capture of Kodak UK is yet another chapter in a remarkable saga of new-business growth. Earlier this week McCann gathered in the final £1m slice of Tesco's advertising, which means it now handles the whole of the £6m Tesco account, alongside other major clients like Coca-Cola, Martini, Esso, Lloyd's Bank and Levi Strauss.


Grandfield: snap

When a major advertiser changes agencies, the switch sometimes reflects serious difficulties in its prime markets, for the divorce can be traumatic. The client is admitting that it wants its image or its marketing strategy (or both) revamped. The agency is losing face and losing income.

Internationally, Eastman Kodak is embroiled in a vicious market fight with Polaroid and other rivals. Domestically, it isn't saying anything. According to Kodak's chairman, Jom Moorfoot, 1977 was a "creditable" year: total sales reached £224.7m; earnings before tax were 21.8 per cent higher at £34.8m.

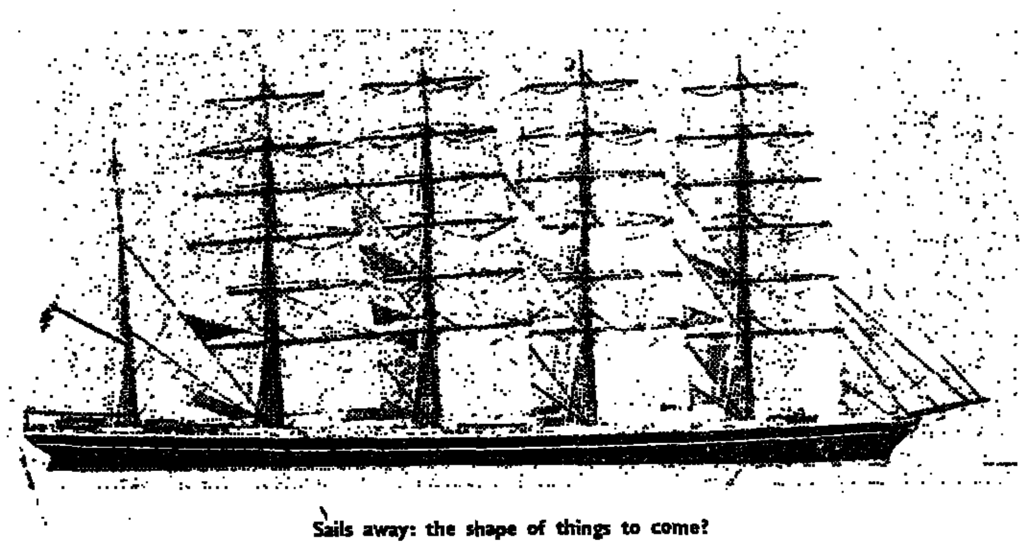
All that Kodak's marketing director, Roger Leeks, would say was this: "We have worked very closely with JWT, but there are changes underway in the marketplace and we have come to the conclusion that it is time to change agencies.'

Famous for its work for clients like Guinness and Rowntree Macintosh, JWT has ruled the roost in London's adland for years. But in recent months there has been unbrotherly jostling among the Big Three agencies. In the year to June 30, JWT's main-media billings as monitored by Media Expenditure Analysis, were £47.6m, just behind D'Arcy-MacManus and Masius (£49.2m) and only fractionally ahead of McCann (£46.5m). All three are American-owned. No. 4 at present is the British-owned, publicly quoted Saatchi and Saatchi Garland Compton (£41.6m).

Prior to its loss of Kodak, JWT was showing reasonably good net business gains for 1978, despite the loss of Pan Am's £600,000 and other chunks of business.

But Kodak is a blow. According to chairman Jeremy Bullmore: "Clearly we have failed to satisfy their needs, either in terms of people or awareness of their requirements. I believe our work for Kodak ranged from the exceptionally good to the adequate—certainly the advertising was effective. I understand that every major Kodak product launch we handled met its sales targets. On the other hand I accept that in a case like this, 85 per cent of the blame for the divorce rests with the supplier of the advertising."

Adland is forever in foment. The betting now is that JWT will start swinging punches of its own.


Sails away: the shape of things to come?

Plain sailing

Britain may well be ahead of the world with its Government-backed plans to produce a 12,000 deadweight ton cargo sailing ship. The idea, if realised, could scuttle many of the present problems of shipowners battling to survive in the face of freight rates which barely cover operating costs of conventional diesel-powered ships.

The plan has been developed by Windrose Ships of Fawley, Southampton, in collaboration with Burness, Corlett and Partners, naval architects, and the Wolfson Marine Group at Southampton University, already noted for its ideas on rotating sails.

Earlier this year Windrose produced a detailed paper setting out its reasoning for a commercially viable sailing cargo ship. Tucked away towards the end of the 49 page document was a simple statement outlining a programme for a feasibility study—to cost £5,000.

The collaborators thought this study would be undertaken with a conventional shipowner, but there were no takers. Most British shipowners, like their counterparts overseas, were more concerned with ways of operating their existing diesel ships without ever-mounting losses.

By June a benefactor had appeared in the shape of the Ship and Marine Technology Requirements Board. This evaluates marine research for the Department of Industry and was most willing to provide the £5,000 for the feasibility study.

This is now proceeding. Work will cover a study of the cargoes, freight rates and charter rates which may be charged. A detailed specification of the 12,000 dwt sailing vessel will be drawn up and there will be an evaluation of the likely need for trained personnel.

The skills built-up over many centuries of sailing ship operation have not been regularly used commercially for almost a quarter of a century. Windrose said this single problem of manning the ship could well deter a prospective sailing ship owner from giving the project serious consideration. The company proposed that the first cargo sailing ship of the new generation would have to be a cadet training ship. This could attract "high calibre young men to sea" and provide a nucleus of sail-trained officers for manning an expanded sailing ship fleet.

The greatest single factor which could sink or sail a future fleet of cargo clippers would be fuel costs. Windrose told the Department of Industry that at mid-1977 prices for bunker fuel, a viable sailing ship would produce savings of $800,000 per year compared with a 12,000 dwt motor vessel. The figure could double in 10 years, says Windrose.

The initial study of operating costs for the sailing ship showed some unexpected differences compared with a motor-powered vessel.

The biggest difference would be in wage costs, reflecting the labour intensive nature of sailing-ship work. These were put at $203,500 for the sailing ship for a year, compared with $134,000 for the diesel vessel, at 1977 prices.

Food costs on the sailing ship would be nearly double (at $15,275 per year) those of the motor ship. It was not clear from the Windrose research whether or not this reflected more of the same type of food or more high energy, high protein diets of steak for breakfast, dinner and tea. A high grog content would certainly push the food bill up.

Insurance would be the same, capital costs would be the same, but the aptly named overheads, maintenance and repairs would be double on the sailing ship.

These and other figures gave a daily operating cost in the Windrose study of $5,173 for the 12,000 dwt sailing ship against $7,142 for the same size motor vessel.

On a typical voyage from a UK port to Melbourne and back, the sailing ship would take 104 days at an average speed of 11 knots and in this respect it would be soundly beaten by the motor ship, which would complete the journey in 82 days at 12 knots. But the customer whose freight was carried between Britain and Australia on the great clipper routes of old, would smile if he took the slower ship when he learnt of the $10.7 saving per ton of freight.

The next stage in the project calls for a lump sum of £78,000 for a full-scale design contract. Shipowners anxious about their falling freight rates on conventional ships may know by August, when the initial study is finished, whether or not they should dip into corporate pockets to fund the final stage before full construction.

Getting the needle

WHAT DO Parliament Square, Kensington Gardens, St. James's Park, Portland Place and the British Museum's forecourt have in common? They were all considered as sites for the erection of Cleopatra's Needle, which arrived in England 100 years ago after a bizarre and tragic voyage from Alexandria.

From its present leafy obscurity on the Thames Embankment, where only a few curious tourists go to inspect it, one would scarcely imagine the excitement aroused by the arrival—after a journey in which six men died—of the 180-ton piece of pink granite, quarried nearly 3,500 years ago at Aswan, Upper Egypt.

Large crowds cheered its final installation, a waltz was composed in its honour, newspapers and magazines, led by Punch and the Illustrated London News, kept up a running commentary in words, photographs and cartoons. But today the centenary of that event is being marked only by a small, although succinct and fascinating, exhibition at the Museum of London.

First offered as a gift to the British monarch by the Egyptian ruler Mohammed Ali 60 years previously, it had lain rudely ignored on the sand at Alexandria throughout the middle of the last century, near the site where it had adorned a Palace in honour of the Caesars.

It was one of a pair brought to Alexandria for that purpose on the orders of Cleopatra from Heliopolis, where 1,500 years previously it had first been raised by the Pharaoh Thotmas III. Further hieroglyphics were added by Ramses II.

Successive Governments having refused to put up the money, public opinion took a hand, regarding it partly as a matter of imperial pride (France, our arch rival on the Nile, had erected a similar Egyptian obelisk in the Place de la Concorde), and partly as a challenge to Victorian marine engineering.

The motives were combined in Sir Erasmus Wilson, the surgeon, who put up £10,000, and in John Dixon, the engineer, who designed the remarkable craft to sail it to its new imperial setting.

Another factor was that the obelisk and its partner were being threatened with destruction by a Greek property developer who wanted to build on the land where they lay.

Dixon designed and commissioned from the Thames Ironworks and Shipbuilding Company what looked like a First World War submarine—an unpowered iron tube, with deck house, deck rails and large rudder. It was taken in sections to Alexandria where it was assembled around the obelisk and named "The Cleopatra."

The first mishap occurred at the launching in August, 1877, Cleopatra hit a rock, and had to be lifted and pumped out before going into dry dock to have her superstructure fitted.

Worse happened two months later in a storm in the Bay of Biscay. The tug Olga, which was towing Cleopatra, cast her loose, but lost six men who were sent to take off the Cleopatra's crew. The cylinder was then lost for three days, before a passing steamer spotted her and towed her to the Spanish coast.

There she lay, the centre of a salvaging argument, until January 1878 when she was at last towed to Lambeth, in East London. In July, a high tide allowed her to be grounded at the Adelphi Steps on the Embankment, where the obelisk was removed from the Cleopatra and lifted by hydraulic jacks. A specially built timber scaffolding raised it horizontally and, on September 12 to the cheers of the crowds, and decked in the British and Turkish flags, its base was slowly swung down on to the plinth where it still stands.

The site is far less imposing than those of the Egyptian obelisks in Paris and Rome, and perhaps even of Cleopatra's sister Needle, which adorns Central Park, New York. It was enhanced a couple of years later with two bronze sphynxes, but they make poor guardians since they were mistakenly placed facing the wrong way.

Michael Thompson-Noel

Lynton McLain

Maurice Samuelson

Economic Diary

MONDAY—London Hotel and Catering Industry Training Board statement on its survey of the industry, Stafford Hotel, London. House of Commons business includes Transport Bill, Lords amendments and Drivers' Hours and Community Road Transport Rules Regulations. "Council House Sales," endorsed by Labour Party national executive committee, calls for end to pre-emption periods and discounts in sale of council houses.

TUESDAY — Confederation of British Industry industrial trends survey for July. Power workers shop stewards committee meets, Co-op Hall, Doncaster. Commons: Consolidated Fund (Appropriation) Bill.

WEDNESDAY—UK official reserves (July) and capital issues and redemptions (July). Commons debates Rhodesia. Scottish Confederation of British Industry launches major Scottish industrial survey, Albany Hotel, Glasgow. Mr. William Whitelaw, Conservative Party Deputy Leader, speaks at Dragon Hotel, Swansea, during visit to Wales. Statement by London Arts Council on building grant. House of Lords rises for summer recess. Call by shop stewards for one-day strike of all Britain's civilian defence workers.

THURSDAY—House of Commons adjournment debates before rising for summer recess. Building society house prices and mortgage advances (2nd qtr.).

COMPANY NEWS + COMMENT

Midland Bank falls to £87.5m at midway

PROFITS before tax of the Midland Bank show a downturn to £87.5m in the first six months of 1978, compared with £102.42m in the same period last year and with the £90.41m achieved in the second half of 1977.

The directors explain the profit fall, compared to the first half last year, is largely attributable to the lower level of UK interest rates and margins, and to rising costs. However, the business of the group continues to grow steadily.

Basic earnings per £1 share are given at 24.5p against 34.2p and 22.8p fully diluted. The interim dividend is raised from 5.73p to 6.5p—last year's total was 14.73p.

Basic earnings per share have been calculated on the profit after tax and minorities, and the weighted average number of shares in issue during the period, adjusted for the bonus element in the January rights issue.

Fully diluted earnings are on the assumption that all the 7½ per cent convertible subordinated unsecured loan stock 1983-93 in issue at June 30, 1978 will be converted.

	First half 1978 £000	1977 £000
Trading profit	85,560	97,268
Share of associates	17,613	14,897
Loan interest	12,071	9,746
Profit before tax	87,502	102,419
Tax	40,564	47,916
Associates tax	8,198	7,372
Net profit	38,750	47,131
Minorities	1,017	1,339
	37,733	45,792
Extraordinary debit	611	1,441
Dividend	10,561	7,618
Retained	26,561	34,733

See Lex

DARTMOUTH—91.3% ACCEPT

Dartmouth Investments announces that acceptances have been received in respect of 2,953,135 (91.31 per cent) of the 3,234,100 new ordinary shares offered by way of rights to shareholders.

The balance of 280,965 has been sold in the market at a price of 18.5p per share and the net amount per share payable to qualifying shareholders is 3.37p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
General Eng. (Radcliffe)	Nil	—	0.69*	0.33	0.95*
Brady Inds.	1.75	—	3.91	3.5	5.66
British Assets Tst. 3rd int.	0.65	Oct. 2	—	—‡	2
N. Brown Invs.	1.68	Oct. 3	1.68	2.51	2.51
Drayton Premier int.	2	Sept. 8	1.4	—	6.7
Hardy (Furnishers)	0.2	—	0.2	0.2	0.2
Lowland Invest. int.	0.9	—	0.8	—	2.1
Midland Bank int.	6.5	Oct. 4	5.75	—	14.75
Mining Supplies	1.25	Sept. 13	1.1	1.25	1.1
Plastic Construct. int.	0.76	Sept. 18	0.69*	—	2.08*
Relyon int.	1.75	Oct. 2	1.5	—	4.09
Stavert Zigomala	4.5	Oct. 9	3.9	4.5	3.9
Steinberg Group	0.64	Oct. 6	0.54	0.96	0.86

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Making 1.75p so far. Quarterly dividends of at least 0.65p anticipated in future.

Mining Supplies improves

REPORTING taxable profit up from £1.75m to £1.84m for the year to April 29, 1978, Mr. A. Snipe, the chairman of Doncaster based Mining Supplies, says that the directors are considering further expansion into North America by the setting up of a manufacturing branch in Canada.

They would also consider similar action in other countries should it be found necessary, he adds. Since exhibiting a new range of mining equipment at Birmingham last October the company has received its first substantial orders from the U.S., Canada and Australia with strong enquiries from other countries. Judging the overseas market to date, the chairman expects rapid growth in exports over the next five years.

Sales for 1977-78 were ahead to £16.98m (£13.32m). After tax of £1.02m (£955,142) net profit was better at £826,571 (£790,803) for earnings per 10p share of 7.3p against 7p. The net dividend is stepped up to 1.24723p (1.1p) costing £140,314 (£123,730).

The overall performance of the group is on a continued growth level and with a strong research and development programme in operation the prospects are encouraging for the future, Mr. Snipe now says.

Mechforge maintained its performance as a major supplier of forgings to the mechanical handling industry and is now in the first stage of a £1m three-year expansion programme which will provide more factory space and more advanced semi-automatic forging machinery.

Mech Cast and Mech Construction continued to grow and contribute to profits, and their order books are good. Mech Electric 24 did not perform up to target due mainly to the market conditions.

Relyon well ahead after six months

IN LINE with the optimism expressed in the May annual statement, Relyon P.B.W.S., the mattress and divan group, has pushed up prfits, before tax, from £586,000 to £707,000 in the half year ended June 30, 1978.

In his statement Mr. H. Brockenshaw, the chairman, reported that the current year had opened well and with good orders he expected the progress achieved in the past to continue.

The directors now state that in view of the satisfactory order book they are confident that the full year should further reflect the performance of the first half.

Half year sales improved from £4.32m to £4.96m. The profit was after interest of £11,000 (same), and taking tax of £363,000 (£305,000) into account earnings are stated to be up from 4.28p to 5.17p.

The interim dividend is increased from 1.5p to 1.75—the total for 1977 was 4.0934p paid from record profits of £1.3m.

Steinberg more than doubled

THE PROFIT improvement shown by Steinberg Group in the first six months continued into the second half, and profits for the year ended March 25, 1978 have more than doubled to £503,000.

This represents a recovery towards the levels of a few years ago. In 1976-77 the profit was £212,000, compared with a loss of £140,000 and a profit of £628,000 in the two preceding years.

Earnings per 10p share for 1977-78 are shown at 2.21p, against 1.13p. The dividend is stepped up from 0.857p to 0.957p net with a final of 0.637p.

The group makes ladies clothing under the Alexon, Youngset, Delbury, etc. labels, and handbags.

	1977-78 £000	1976-77 £000
Turnover	21,588	18,239
Profit	563	212
Taxation	213	56
Net profit	290	156
Minority loss	2	*5
Extraordinary debit	—	5
Dividend	†107	103
Forward	185	43

* Profit. † After waivers by chairman, his wife and deputy chairman.

Staflex worse than expected

BY CHRISTINE MOIR

Staflex International, the fusible interlinings specialist, has belatedly produced its preliminary figures and report and accounts together. And the news—sent to shareholders yesterday—is even worse than expected.

The two key points are first that losses of £4m after interest, increase to £6.3m pre-tax after a stock write down, and to £7.7m post-tax after an extraordinary item mostly relating to the costs of moving from the Bow factory to Burnley and then writing down Burnley.

Secondly, *on the balance sheet* side, bank borrowings at the December year end were somewhere between the £20m peak in November and the £14.5m being claimed at the end of May. Against this shareholders funds, including a £3.8m deficit on reserves, amounted to only £224,000 *compared with £7.9m the* previous year.

At the trading profit level both the Burnley factory and the new Dutch plant lost over £1m apiece, an amount matched, it is thought, by the subsidiary in the Far East. The currency swing (from credit in 1976 to loss last year) cost a further £½m and the price of reducing stocks by selling below cost, produced a final trading loss of £1.5m against a £4.4m profit in 1976.

Mr. Irwin Bellow, the chairman, who is not standing for re-election, does not under-estimate the company's problems. But he does point to determined efforts designed to get the company back on its feet. They should at least, it is claimed, "stop the haemorrhaging."

Staflex intends to sell off its Far East companies, whose accumulated losses exceeded shareholders' funds. In addition, it is thought to be in advanced negotiations with a major international textile firm which will take over most of its European sales and distribution outlets. The net effect of this will be, according to the company, to reduce borrowings by at least £1.7m "and significantly more if current negotiations are successful."

The group is also closing down what remains of the Burnley factory so that its only UK manufacturing will be in supplying a small amount of woven cloth to the Dutch dyeing and finishing plant. That plant, which is now directing a significant part of its turnover to finishing work for outside parties, should consequently get back to profit by the last quarter of this year, the company believes.

In turn, the amount of business which will depend on third party stocks, rather than in-house inventories, should reduce working capital, although volume is also likely to decline.

Another major drain on income—the £200,000 a year rent on the vacated factory at Bow—should also disappear, the company says. Apparently a tenant has been found, subject only to planning consent for a change of use, of which the company is confident.

Yesterday the managing director, Mr. Bill Rao, said that he believed that the company would be back on a stable footing by this time next year if all the deals go through. In the meantime, the *management* is to be strengthened. Six board members, including the chairman and his fellow-founders, Harry Rose and David Cohen, the former finance director and the marketing director, are to be replaced.

The joint auditors have qualified the accounts on three grounds. They pinpoint the assumptions first that financial support will be forthcoming to ensure the company is a "going concern" and, secondly, that the £723,000 element of goodwill in the balance sheet is a fair reflection of true value. Finally, they point out that for the £134,000 of ACT to qualify as a deferred asset, *there will need to be future profits* in the UK.

Brady cuts dividend after slump

IN THE second half of the year to March 31, 1978, Brady Industries ran into a loss-making situation and finished the 12 months with a pre-tax profit of £13,125 compared with £591,135.

At midway when profits fell from £260,000 to £60,000 the directors said the disappointing results were, in the main, due to the slow recovery of activity in the building industry. Action was being taken to rationalise the group although it might be some time before a material improvement in profits could be achieved.

The year's loss per 25p share is stated at 0.4p (earnings 6.4p) and the dividend total is cut from 5.6625p to 3.5p with a final payment of 1.75p net.

Turnover for the 12 months advanced from £16.6m to £17.3m. Tax took £22,813 (£245,612) leaving the net loss of the company, which operates as shutter, door, grille and lift makers, at £9,688 (£345,523 profit).

Hardy £5.4m loss on trading

AFTER first half losses of £1.16m against £340,000, Hardy and Company (Furnishers) finished the year to April 1, 1978 with a deficit before tax of £790,000 compared with £113,000 profit in the previous year. Loss from operations *totalled £5.4m against* a profit of £967,000.

The reduced turnover—down from £41.9m to £34.63m—results from a temporary restriction of credit trading, now removed, and to the closure of 21 poor performing branches, the directors explain. Earnings have been further affected by the introduction of a repairs equalisation scheme.

A profitable result was not expected for 1977-78, but the Board now feels confident of a return to profit in the current year.

Reorganisation of management and capital structure is virtually complete and sales in the first quarter are substantially ahead of the same period last year. Costs are rigidly controlled and margins have improved, the directors say.

In addition the cash position has improved from a £4.1m over*draft to £2.6m cash in hand.*

Loss per share for 1977-78 is given as 1.2p (0.2p earnings). An unchanged single final dividend of 0.2p is recommended—interim payments were passed in both years.

	Year 1977-78 £000	1976-77 £000
Turnover	34,629	41,928
Operations loss	3,424	*967
Credit provision†	3,758	1966
Property disposals profit	878	112
Loss before tax	790	*113
Tax credit	538	180
Minorities	13	13
Preference dividend	3	3
Attributable loss	265	*37
Ordinary dividend	48	46
Forward	5,945	6,229

* Profit. † For deferred profit and unearned charges. ‡ Debit.

Turnover of a subsidiary, Phillips Furnishing Stores, was down from £4.33m to £3.87m for 1977-78 and the pre-tax loss was £231,000 against an £81,000 deficit previously.

Loss per share is shown as 2.8p *(0.8p) and no dividend is being* paid on the ordinary and "A" ordinary shares.

The year's loss includes £58,000 (£6,000) loss on property disposals and a £266,000 credit (£189,000 debit) provision for deferred profit and earned charges. Attributable loss is £153,000, against £42,000, after tax credits of £90,000 (£52,000) and £1,000 (£2,000) minorities.

● comment

Hardy is reeling from a body blow which appears to have been self inflicted. In order to improve liquidity, the company decided to *restrict credit trading for a* 16-week period in the first half, but its effects have been devastating. With credit normally accounting for around half of group turnover, volume sales were severely reduced and first half trading losses of £3.58m were followed by a £1.84m deficit in the second six months. This staggering loss compares with other furniture retailers such as Henderson-Kenton and Courts which managed to turn in maintained levels of profit for the period. The upshot of Hardy's position is that it has traded a *stronger balance sheet for a* weaker market position. Certainly the gearing problem has been solved with net borrowings down from 63 per cent of shareholders' funds to around 11 per cent. But Hardy's market share (around 2.7 per cent in 1976-77) has slipped dramatically and this is always difficult to regain. In spite of an upsurge in consumer spending since the year end, Hardy will have to struggle to break even this year. The ordinary and "A" ordinary shares are at 1978 lows of 26p and 24p respectively and the market capitalisation is £5.7m.

JAMES FINLAY ADJUSTS PAYOUTS

Following the change in the tax rate, James Finlay and Co. is to pay a net final dividend of 0.01383p for 1977, plus a special *interim dividend for 1978 of* 0.0326p on October 6 this year. In addition the Board has declared a second interim dividend of 0.34838p for 1978 to be paid on the same date, subject to offers for Seaforth Maritime announced June 20, becoming and being declared unconditional.

N. Brown above forecast

BETTER than expected pre-tax profits of £809,000 compared with £798,000 are reported by N. Brown Investments, the direct mail order business, for the year to February 25, 1978.

At the interim stage when reporting a decline from £348,000 to £310,000 the directors said they were aiming for profits of around £750,000. However, they thought that they might have to settle for a lower figure.

They now say that the results must be considered a satisfactory *achievement particularly in the* context of the remarks made in the interim statement.

The late improvement arose from slightly more buoyant trading and a higher margin mix of sales than had been anticipated in the last few months of the year together with even stricter and more efficient cost and stock control during the same period.

Included in extraordinary debits of £340,000 (£948,000) is £424,000 of non-recurring allowances and finance costs which is a "one off" charge as a result of changing terms of mail order trading from a cum interest selling price to the option credit system involving an interest charge on balances outstanding.

When this new system was introduced in spring 1977, the company had to make an allowance to customers to compensate them for the interest to be charged on their balances in *future. In short it had to reduce* the value of the previous year's debtors to a figure which was net of future finance costs and the £424,000 represents this reduction.

Earnings are stated at 3.4p (1.28p) per 20p share. The final dividend per 20p share is 1.683p net for a maintained total of 2.508p. Waivers have been received in respect of £90,954 (£133,741).

The tax charge of £377,000 (£253,000) for the year is represented by ACT written off. Tax on profits of year is relieved by losses brought forward. There are further unrelieved tax losses of about £1.2m available for set-*off against future trading profits.*

	1977-78 £000	1976-77 £000
Turnover net of VAT	16,716	14,516
Pre-tax profit	809	798
Tax	377	253
Discontinued ops. loss	—	328
Extraordinary debits*	340	948
Dividends	185	142
Retained loss	93	923

* Comprise—increase in market value of investments plus net profit on disposals £229,000 (loss £1,000), loss on sale of property nil (£377,000), provision against debt for sale of land £139,000 (nil), terminal losses nil (£573,000), write off goodwill £6,000 (£602,000), deferred tax no longer required nil (£405,000) and non-recurring allowances and finance costs borne as a result of changing terms of trade £424,000 (nil).

Lucas changes subs. names

Two of the four main operating companies of Lucas Industries whose names do not already bear an evident association with Lucas are to assume a new and closer identity with the parent company from August 1.

CAV, the diesel fuel injection and heavy-duty electrical equipment subsidiary, will be known as Lucas CAV and Girling, the brake system and suspension equipment company will be known as Lucas Girling.

In another change, Bryce Berger, itself a subsidiary of CAV, will be renamed Lucas Bryce.

Lucas says the changes are part of a corporate programme designed to present its many *activities and its extensive range* of products "as an easily recognisable and cohesive whole."

General Engineering £0.39m below target

WELL BELOW forecast results are reported by General Engineering Co. (Radcliffe) for the year *to March 31, 1978* and there is no final dividend, leaving the interim payment of 0.33p net to stand against last year's adjusted total of 0.953p.

For the 12 months a loss of £312,000 was incurred compared with a pre-tax profit of £609,000. There was a tax credit of £562,000 *(£169,000 charge)*, which gave a net profit of £50,000 (£440,000).

The directors had forecast net profits at least equivalent to last year's and turnover in excess of £10m. In the event turnover fell from £10.24m to £9.17m.

The directors explain that the turnover anticipated in the interim statement—when they reported a pre-tax profit slump from £302,000 to £15,000—failed to materialise owing to a decline in world demand and a consequent sudden downturn in the receipt of orders.

Last year's policy of retaining the full complement of employees therefore proved abortive at a cost in wages of £680,000 net of government grant. In addition, delays in receipt of orders prevented completion by the year-end thus considerably increasing work in progress.

They report that vigorous action is now being taken to adapt production and overheads to the current year's turnover expectation of £12m. Surplus property has been put up for sale and the group will be reorganised to suit current needs.

Such action cannot have material effect for the first half of the current year for which a pre-tax loss up to £750,000 can be expected due to non-recurring factors. However, the group should be in profit for the second half-year.

Plant and equipment has been professionally valued, as were *properties last year*, and net tangible assets at March 31, 1978, amounted to 31p per 10p share (27p).

The directors say that they view the future with confidence. Financial facilities agreed with the company's bankers are adequate to cover foreseeable needs. New products are selling well and with its new organisation the company will be well placed to maintain its traditional position in the market and to take full advantage of any revival in world demand.

	1977-78 £000	1976-77 £000
Sales	9,173	10,241
Trading loss	214	*323
Interest	298	214
Loss before tax	512	*609
Tax recoverable	562	†169
Profit after tax	50	440
Interim dividend	30	31
Final dividend	—	51

*Profit. †Chargeable.

The tax credit includes anticipated recovery of £110,000 tax paid in an earlier year and also the benefit of the release of further deferred tax. Earnings per share after tax on actual liability basis amounted to 0.42p (3.74p).

MINING NEWS

Hamersley half-way earnings fall

BY KENNETH MARSTON, MINING EDITOR

NET EARNINGS of the Rio Tinto-Zinc group's big Hamersley iron ore operation in Western Australia have dropped in the past half-year to A$11.04m (£6.68m) from an adjusted A$27.55m in the same period of 1977. The interim dividend is halved to 4 cents; the total for 1977 was 16 cents.

Mr. Rus Madigan, Hamersley's chairman, warned in April that as a result of the world steel industry recession coupled with the adverse effects of exchange rates, "earnings can be expected to fall significantly this year."

Ore shipments in the past half-year dropped to 14.7m wet tonnes from 17.3m wet tonnes a year ago because of reduced demand by Japanese steel mills and con*tinued industrial disruption.*

The company says that shipments in the current six months will be higher but, "the general erosion of selling prices due to the over-supply position in world markets is a matter of grave concern." Hamersley is 54 per cent-owned by Conzinc Riotinto of Australia.

Meanwhile, RTZ's 51 per cent-owned Canadian arm, Rio Algom, reports first half net earnings of C$27.9m (£12.9m) compared with C$25.2m in the same period of 1977. The increase stems from a reduced tax charge; pre-tax earnings were lower at C$48.3m against C$51.6m because of a fall in income from uranium and copper operations.

GREENVALE LOSS

Australia's Metals Exploration reports that its share of the operating surplus made by the Greenvale nickel operation in Queensland—which is jointly owned with Freeport Minerals—was A$6.5m for the year to June 30.

However, the inclusion of deferred interest, depreciation and amortisation of exchange losses changes this into a loss of A$15.8m compared with a loss of A$14.5m in 1976-77. As already reported, Greenvale's debt repayments are to be rescheduled for the third time.

Amax-Kawasaki Chrome search

America's AMAX and Japan's Kawasaki Steel have agreed to prospect for chromium in Asia. An Amax spokesman said the agreement calls for the "joint exploration and evaluation of chromite prospects with the possible joint development of any prospects that are found viable."

He said the most advanced prospect is in Papua, New Guinea, and the companies will test the commercial viability of reserves, estimated at 2.7m tons. Amax holds rights to explore there and in mining areas in Indonesia and the Philippines.

Kawasaki will pay $3m, the expected cost of the two-year project, in return for a 50 per cent interest in the mining rights of any prospects deemed producible, the spokesman said.

Uneasy about the stability of *chromium supplies from South* Africa, Rhodesia, the Soviet Union and Turkey, several Japanese steel companies have begun to seek chromium mine ventures. In addition, Kawasaki is seeking diversification to offset stagnant steel demand.

BIDS AND DEALS

Eastwood now backs Imperial offer

Now that J. B. Eastwood's directors have been released from their irrevocable commitment to the deferred offer from Cargill, they intend to recommend the higher bid from Imperial Group, which will now include a loan stock alternative to the 160p in cash.

In a document sent to shareholders by Eastwood's advisers, S. G. Warburg, the Board says that Imperial's offer "is a fair reflection of present value and the future potential of Eastwood."

They will shortly send shareholders' reasons for their recommendation of Imperial's offer but in the meantime they intend to accept it as far as their own 34.7 per cent of the equity is concerned.

Together with the 18.6 per cent that Imperial already *owns this* would ensure Imperial control of the company, but for the threat of referral to the Monopolies Commission. Eastwood has apparently already asked the Office of Fair Trading for a speedy clearance for the take-over.

The unions representing the employees *are also said to have* backed the submissions to the OFT.

REDMAN HEENAN PULLS OUT

Redman Heenan International has pulled out of the battle for Spooner Industries.

In a formal statement the company says there was nothing in the agreed offer document covering Sandvik's bid for Spooner that would justify it increasing its offer to the 95p Sandvik cash bid.

Redman acquired 486,666 ordinary Spooner shares prior to its own bid of 65p and has sold *them all to nominees of Sandvik* for 95p.

W. L. PAWSON BUYS AGAIN

By Christine Moir

Mr. Stanley Wootliff, who made way for Dr. John Blackburn at William Reed, and now heads W. L. Pawson, the women's clothing manufacturer, is wasting no time on his expansion plans.

Barely had he announced a £1¼m bid for the private uniform maker, C. H. Bernard—so large that another rights issues is needed to carry it through—than he has come out with yet another major cash acquisition.

This time Pawson has paid £400,000 in cash for Occasion Couture, a private women's fashion manufacturer owned by a Mr. and Mrs. N. Brownstone.

For the price Pawson gets net tangible assets of £323,773 (including deferred tax of £46,000) and profits of £122,727 (£159,467 in 1976). The Brownstones get consultancy agreements worth £12,500 apiece annually for the next three years and Mrs. Brownstone receives a further £12,500 annually for seven years.

In its last balance-sheet Pawson itself had net tangible assets of under £600,000. The acquisition of Bernard *will involve a rights* issue of £1m.

Further acquisitions are still likely although Mr. Wootliff pointedly said yesterday that he would be on holiday "next week."

Kellogg expands UK frozen food side

Kellogg Company of Great Britain is to expand its tiny UK frozen food business with the purchase of PH Foods and part of S. Reece and Sons both from Sears Holdings for £1.75m in cash.

Though Kellogg has a significant involvement in frozen foods in the U.S. the British subsidiary was only represented by Rhodes Frozen Foods—a small company *which it bought last year.*

Kellogg says these purchases will give it a sound base in frozen food wholesaling and ice cream from which it can expand organically and by acquisition.

For Sears Holdings the deal represents a chance to sell off assets of close to £1.7m which were producing no profit.

Mr. G. Maitland Smith, chief executive of Sears, said yesterday that the two companies could not make a profit at their present size.

In all PH Foods and the part of Reece being disposed of employs 300 people and produces sales of over £10m a year, but only breaks even.

NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger of the *insurance interests* in the UK of Allstate Insurance Company and Great Universal Stores to the Monopolies and Mergers Commission.

BURMAH OIL

Burmah Oil is to put up A$2.68m (£1.6m) to increase its interest in Santos, *the Australian gas exploration* and production company, from 33.9 per cent to 37½ per cent. This move is in accordance with Santos' articles of association.

Elliott-Peterborough objectives

In his first annual statement as chairman, Mr. A. W. Houston, says that *the major objective of* the directors of Elliott Group of Peterborough is to continue the recovery of the group's traditional activities in the slightly improved trading conditions and, at the same time, to realise surplus assets to reduce borrowings.

The balance sheet at March 31, 1978, shows a reduction in net current assets from £1.47m to £1.29m. The chairman explains that the increase in bank borrowings from £3.42m to £3.97m is mainly attributable to final amounts due in respect of a completed contract in Saudi Arabia, which is included in the increase in work in progress *from £5.03m* to £5.2m.

As reported on July 15 a loss before tax of £189,000 (profit £1.13m) was incurred for the year to March 31, 1978.

On a current cost basis this is shown at £499,000, after adjustment for cost of sales £320,000, *depreciation £172,000, exceptional* non-recurring items £212,000, interest £419,000 and adding gearing adjustment £182,000.

A compensation payment of £31,000 for loss of office was made to a director during the year.

During the year there were exports of £0.22m (£10.49m).

Barclays Bank Nominees (M & G Group) holds 1.34m shares in the company. Meeting, Peterborough, on August 21 at 12.30 pm.

£800M TAP ISSUE

The Treasury is issuing £800m of 12 per cent Exchequer stock 1999-2002 to replace the long tap which was exhausted last Monday.

The issue, which is priced at £96 per cent, is payable as to £15 on application, with calls of £40 on August 22 and the balance on September 18.

Interest on the stock will be payable half-yearly on January 22 and July 22. The first payment will be next January at the rate of £4.7538 per cent.

The list of applications will be opened and closed on Wednesday, August 2.

Encouraging start for Rotaprint

Results for the first two months of the current year at Rotaprint are showing an encouraging improvement over the corresponding period of 1977-78 but the Board still views the future with guarded optimism, Mr. G. C. Nichols, the chairman, says.

It is anticipated that there will be some recovery in exports which had been disappointing last year, particularly in the second half. The countries in the Far East continue to receive the company's special attention and sales there are very encouraging, Mr. Nichols tells members.

The group has acquired the exclusive selling rights in the UK, Europe, the Middle East and Africa of an electronically controlled camera/platemaker which the directors believe will have considerable appeal, sell profitably and add substantially to the company's sales of consumable supplies.

For the year to April 1, 1978, *sales advanced to £12.87m* (£10.86m) with the UK content expanding 25 per cent to £8.26m. Deliveries of Rotaprint machines were up by almost 10 per cent and sales of consumable supplies continued to grow.

However, because of intense international competition as *reported on July 13, pre-tax profit* fell to £313,000 (£411,000). The net dividend is stepped up to 4.44303p (4.06284p) gross.

Net liquidity at year end was down £628,000 (£734,000) with bank overdrafts higher at £848,000 (£599,000).

Meeting, Cumberland Road, NW, *on August 18 at noon.*

GRA PROPERTY

GRA Property Trust announces that the fifth payment to unsecured scheme creditors due July 31 will be at the rate of 21p in the £.

Together with the 24p already paid this makes a total of 45p in the £ since inception of the Scheme of Arrangement on July 13, 1976.

UNIT TRUSTS

Staying with inflation

One prime aim of investment is to preserve, and if possible, increase the real value of one's capital. But in these days of high rates of inflation, this has proved extremely difficult to achieve. A variety of investment vehicles have been put forward, but only a few can claim to match inflation. Funds based on commodity investment come into this chosen few and this week Arbuthnot Securities is offering the Arbuthnot Commodity Share Fund.

This fund, being an authorised unit trust, has to use the indirect route into commodity investment by investing in the shares of companies trading in commodities. Nevertheles, it has matched inflation over seven years and outperformed it over the past three. The minimum outlay for interested investors is £750 and, as a bonus, the yield is a not insignificant 5.2 per cent gross.

For those investors to whom a high level of income is essential, a brand new high income fund is on offer this week from Cosmopolitan Fund Managers—the Cosmopolitan Income Fund. The yield is an attractive 11.5 per cent gross and income payments are made quarterly. But this yield is achieved by the fund managers splitting the portfolio 50-50 between high yielding equities and fixed interest preference shares. Thus the enhanced yield is offset by the dilution of future growth potential in the income. This needs to be taken into account in reaching a decision: the minimum outlay is £500.

Finally, the M and G group is pointing out to investors that there are renewed signs of interest in the Australian market after years of neglect. Some commentators feel that the Australian market is about to move ahead and the M and G Australasian and General Fund is well placed to take advantage of the recovery.

Results due next week

In a generaly quiet week for company announcements on the Stock Exchange, the main features are preliminary profits from Acrow and Dixons Photographic with interims from Coral Leisure Group and Hoover and first quarter results from Reed International.

Acrow, the engineering group, is expected to declare full year taxable profits of around £13m on Wednesday, compared with £10.64m, although there are suggestions that the group could turn out as much as £14m. Those analysts going for the lower figure are anticipating that Acrow may have suffered from the effects of a strengthening pound which could have hit margins on the group's substantial overseas sales. Acrow's order books are in reasonable shape, and although the construction industry in the UK is still finding the going difficult, there has been fair demand for Acrow's cranes.

Retailers are seeing a significant improvement in demand for white goods but, because of their high stock levels, this increase has *yet to flow through to manufac*tureres such as Hoover. A poor first quarter, which saw a 40 per cent drop in pre-tax profits, suggests that Hoover will report interim figures well below last year's levels next Thursday. The range of estimates is from £5m to £6m, and the variation depends on *the swings in exchange gains.* The expected range for the trading profit (exchange gains excluded) is from £4.6m to £5.2m. Trading will improve as the year goes on as retail stocks are starting to fall. Analysts are looking for some strength in the third quarter and a strong final three months.

There has been a downwards revision of estimates for Dixons Photographic's full year results, which will be announced on Wednesday. Despite the relatively unexciting first half the consensus originally pointed to a 13 per cent improvement in pre-tax profits to around £10m. But analysts have looked again at the *expected performance of the* traditional UK retailing activities and the consensus figure is now £9.75m. The upturn in consumer *spending has come a little late for* the 1977-78 year but should help the current year's figure. European sales were relatively flat in the second half and the emphasis in the U.S. was on establishing the business and its brands, rather than immediate profits. The Westons retail operation was in the stage of reorganisation and its contribution is not likely to be substantial until 1979-80.

Meanwhile, a good set of first-half figures from Coral Leisure on Monday will do something to offset the criticisms of the Royal Commission on Gambling earlier this month. Analysts are generally *expecting around £13m pre-tax* (£7.59m), which will include for the first time a contribution from Pontin's, acquired in March. The directors have already said that due to the seasonal nature of trading at Pontin's and to a lesser extent at Centre Hotels, the first six months will show significantly lower profitability than the second *half. For the year analysts* see about £34m pre-interest, with Centre contributing around £5m and Pontin's approximately £9m. The pre-tax estimate is about £30m (£18.5m).

Since the announcement of last year's £81m pre-tax profit, brokers feel Reed's management is getting to grips with the group's difficulties. Nobody however, is expecting fireworks and estimates of first quarter profits, due on Thursday, are in the £21-23m range with one of £25m (£20.5m). With South Africa's good first half performance already known and losses in Canada curtailed, the main guessing is confined to the UK. Indications are that the current year has started well after the previous quarter's sharp improvement (trading profits up 79 per cent to £28m) but some seasonal factors will not be present this time. Keener interest surrounds the group's balance-sheet and how the high debt/equity ratio, firmly acknowledged recently by the company, will be reduced.

Other companies producing figures next week include Westinghouse Brake and Signal Company and Vantona Group.

Company	Announcement due	Dividend (p)* Last year Int	Last year Final	This year Int.
FINAL DIVIDENDS				
Acrow	Wednesday	1.25	1.016025	1.375
Anglo American Asphalt	Monday	0.97	1.434	1.065
Arlington Motor Holdings	Tuesday	1.4	5.17	2.5
Associated British Engineering	Tuesday	—	Nil	—
Austin (James) Steel Holdings	Thursday	2.0	3.271	2.25
Best and May	Thursday	0.774	1.9312	0.8645
Bevan (D. F.) (Holdings)	Monday	—	1.21	—
Black (Peter) Holdings	Thursday	2.2	3.35	2.42
City of London Brewery and Inv. Trust	Wednesday	1.05†	1.35†	1.2‡
Dixons Photographic	Wednesday	0.825	1.34	0.9075
Dyson (J. and J.)	Tuesday	1.35	1.675	1.925
Firth (G. M.) (Metals)	Thursday	2.0	2.0	Nil
Gnome Photographic Products	Wednesday	—	2.541	—
Gaunt (Rowland)	Wednesday	Nil	Nil	Nil
Hales Properties	Tuesday	0.73	1.4837	0.8
James (John) group of companies	Thursday	1.03625	1.4025	1.155
Malaysia Rubber	Thursday	0.1956	1.3184	0.5
Kennedy (Allan)	Thursday	0.8	1.737	0.9
Midlands Trust	Thursday	1.2	2.4	1.32
Phoenix Timber	Friday	2.0	1.84496	2.0
RFD Group	Wednesday	0.45	0.9504	0.6
Ransom (William) and Son	Thursday	1.0392	1.7535	1.1818
Sterling Credit Group	Monday	0.47143	0.811	0.52657
Waring and Gillow	Wednesday	0.93548	2.25311	1.07033375

Company	Announcement due	Dividend (p)* Last year Int	Last year Final	This year Int.
INTERIM DIVIDENDS				
Adams and Gibbon	Thursday	0.875	3.475	
Canning (W.)	Wednesday	1.5	2.026	
City Offices	Tuesday	0.77	0.93¶	
English and New York Trust Company	Tuesday	1.65	1.55	
Greencoat Properties	Monday	Nil	Nil	
Hoover	Thursday	5.61	9.21	
Law Debenture Corporation	Thursday	1.3	3.0	
River and Mercantile Trust	Thursday	3.0	5.125	
Smallshaw (R.) (Knitwear)	Tuesday	Nil	1.5	
TACE	Thursday	0.5§	0.730	
Vantona Group	Thursday	1.7871	3.364	
Westinghouse Brake and Signal	Tuesday	0.83014	1.2871	
Witter (Thomas)	Thursday	0.66	2.6944876	
Yeoman Investment Trust	Wednesday	2.64	4.95	
INTERIM FIGURES ONLY				
Clarke, Nickolls and Coombs	Thursday			
Coral Leisure Group	Monday			
Reed International	Thursday (a)			
Sharpe (W. N.)	Tuesday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes second interim of 0.325p. ‡ Includes third interim of 0.525p. § Includes second interim of 0.8p, excluding third interim of 0.6p for purposes of comparison. ¶ Second interim. (a) First quarter.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The entire **Thomson Organisation**, including the whole of its North Sea oil interests and the Times and Sunday Times newspapers, is to become a wholly-owned subsidiary of International Thomson Organisation, a Canadian holding company. Thomson's shares were suspended eight days ago pending a scheme of arrangement involving its option to take up 90 per cent of the Thomson family's North Sea oil interests. The company has subsequently issued a 50-page document outlining a most complex deal.

Petford has finally accepted the inevitability of **Bovbourne's** controlling stake in **W. Henshall and Sons (Addlestone)** and has dropped its higher counterbid.

Comben Group is offering £10m to acquire **Orme Developments** and thereby become the UK's second biggest housebuilder after Barratt Developments. The bid comes only three days after Mr. Bob Tanner and Mr. Peter Whitfield sold 22 per cent of Orme to Saint Piran. Last week Comben offered to buy the Tanner/Whitfield stake, but its terms, the same as now offered, were not accepted. The offer comprises 162p in cash and five Comben shares for every six Orme shares.

Cargill, the U.S. group, is continuing its fight to gain control of **J. B. Eastwood** despite the higher offer from Imperial Group, announced earlier this month. Cargill has reaffirmed its interest in acquiring the eggs and poultry group, but has deferred a decision on its offer until the question of a Monopolies Commission probe has been resolved.

Bid talks for Britain's second largest property group have broken down. At a Board meeting on Tuesday the **English Property** directors finally abandoned the two-month long take-over negotiations.

Bids, however, may well be in the offing for **Bourne and Hollingsworth** and **Peerage of Birmingham** following company statements.

Brooke Bond Liebig has launched a £20½m cash take-over bid for **Bushells' Investments**, the leading Australian tea processors and distributors, in a major move to reduce its dependence on African and Asian earnings. Brooke Bond's offer of 336p a share will go ahead provided the group gets the necessary backing of the UK and Australian government departments.

At an estimated cost of some £25m to £50m, **Ultramar**, the London-based oil group, is negotiating the purchase of the Shell subsidiary **Canadian Fuel Marketers**, while **Britten-Norman**, the aircraft manufacturer, has accepted an offer from the Swiss-based **Pilatus Flugzeugewerke**.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Albright & Wilson	195§*	188	123	115.04	Tenneco	—
Cornercroft	65*	65	56	1.62	Armstrong Equipment	—
Crossley Building Products	105*	104	64	7.07	Bowater	—
Customagic	21*	17	19½	1.10	Mooloya Invs.	—
Eastwood (J. B.)	132*	150	90	31.53	Cargill	—
Eastwood (J. B.)	160*	150	125	38.22	Imperial Grp.	—
Econa	95¾	90	72	3.95	Newmn.-Tonks	4/8
Fluidrive Eng.	84	84	82	5.77	Assocd. Eng.	—
Fluidrive Eng.	80	84	55	5.50	Thos. Tilling	—
Henshall (W.)	20*	20	18	0.50	Bovbourne	—
Investment Trust Corp.	301	286	255	94.57	Barclays Bank/ P.O.P.F.	—
Leslie & Godwin	125*	122	116	24.51	Frank B. Hall	7/8
Lond. & Liverpool Trust	21*	25	19	0.52	Aschheim Secs. & W. & A. SA Zug	—
Mitchell Cotts Transport	83§	78	82	1.28	Mitchell Cotts Group	—
Orme Devpts.	56	56	48	9.97	Comben Grp.	—
Pearson Longman	284	252	194	108.83	S. Pearson	—
Pyke (W. J.)	30*	45	44	0.23	Mr. & Mrs. D. B. Thompson	—
St. Kitts (London) Sugar	200*	200	170	0.78	Industrial Equity	—
Spooner Inds.	95*	93	77	4.03	Sandvik	28/7
Tridant Group Printers	63*	69	55	2.76	Starwest Inv.	—
Weston-Evans	124½*	131	110	6.71	B'ham & Midland Counties Tst.	—
Wood & Sons	58¼	55	48	2.33	Newmn. Inds.	28/7

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 27/7/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 28/7/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AAH	Mar. 31	6,301	(5,461)	14.0	(13.5)	6.143	(5.5)
Alexander Walter	Mar. 31	2,336	(1,946)	16.2	(13.5)	4.85	(4.25)
Amal. Distilled	Mar. 31	97	(22)L	0.5	(—)	0.75	(0.23)
Cawoods Hldgs.	Mar. 31	7,757	(7,011)	15.2	(14.0)	3.81	(3.41)
Centreway	Mar. 31	1,030	(639)	52.8	(35.5)	12.168	(10.896)
Davy Intl.	Mar. 31	25,394	(18,782)	34.5	(30.9)	11.055	(9.85)
Denbyware	Apr. 1	804	(239)L	8.5	(0.3)	5.419	(5.419)
Fitch Lovell	Apr. 29	6,229	(7,687)	5.6	(6.8)	4.09	(3.663)
Graig Shipping	Mar. 31	1,491L	(643)L	—	(—)	8.0	(16.49)
Hillards	Apr. 29	2,311	(2,309)	36.2	(36.1)	4.93	(4.413)
Howard Tenens	Mar. 31	1,020	(571)L	3.5	(—)	1.902	(1.704)
Inchcape	Mar. 31	62,274	(73,383)	40.7	(42.5)	15.0	(10.0)
Ingram (Harold)	Apr. 30	219	(416)	3.3	(5.3)	1.29	(2.81)
Jarvis (J.)	Mar. 31	519	(613)	17.2	(27.9)	9.542	(8.543)
Laurence Scott	Mar. 31	2,400	(2,760)	19.6	(18.7)	5.0	(3.02)
Lynton Hldgs.	Mar. 25	1,232	(1,063)	6.4	(5.3)	2.48	(2.256)
Macarthy's	Apr. 30	3,193	(2,850)	28.1	(20.4)	4.38	(3.93)
Neepsend	Mar. 31	1,049	(1,057)	3.8	(4.0)	3.224	(2.931)
PMA Hldgs.	Mar. 31	173	(62)	6.4	(2.5)	1.0	(Nil)
Pullman	Mar. 31	1,110	(955)	16.7	(11.2)	9.04	(8.263)
Redland	Mar. 25	39,440	(34,160)	20.1	(16.6)	4.22	(3.781)
Rosgill Hldgs.	May 27	315	(169)L	3.3	(—)	Nil	(Nil)
RTD Group	Feb. 28	327	(801)	6.3	(5.9)	Nil	(0.65)
Siebe Gorman	Apr. 1	4,468	(4,055)	28.1	(25.2)	5.641	(5.052)
Somportex	Apr. 30	237	(77)	19.4	(5.8)	—‡	(3.38)
Ward & Goldstone	Mar. 31	3,337	(4,140)	11.8	(14.2)	4.538	(4.063)
Wheelers Restnts.	Mar. 31	653	(529)	23.0	(18.5)	4.9	(4.39)

Offers for sale, placings and introductions

Jenners: 1,002,400 £1 10 per cent cumulative preference shares at par

Rights Issue

Yorkshire Chemicals: Two-for-five at 84p.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Albion	Mar. 31	208	(42)L	0.6	(Nil)
Barclays Bank	June 30	154,200	(131,500)	6.05	(5.5)
Carlton Inds.	June 30	3,400¶	(—)	2.0	(—)
Change Wares	June 30	280	(98)L†	0.2	(Nil)
Felixstowe Tank	June 30	153	(112)	2.5	(2.5)
Grindlays Hldgs.	June 30	18,976	(15,619)	1.0	(1.0)
Hill & Smith	Mar. 31	452	(372)	0.75	(0.682)
Howard Machinery	Apr. 30	151	(161)	0.55	(1.045)
Jacob (J. I.)	June 30	439	(2,454)	0.55	(0.55)
Jamesons Chocs.	June 30	159	(268)	0.875	(0.849)
Ladies Pride	May 31	451	(411)	0.95	(0.633)
Lovell (Y. J.)	Mar. 31	717	(711)	1.5	(1.5)
Mnchstr. Garages	June 30	351	(204)	0.845§	(0.425)
Nat. West Bank	June 30	108,580	(109,930)	5.682	(5.165)
Pratt (F.) Engrg.	Apr. 30	366	(445)	1.839	(1.648)
Prestige Group	June 30	2,720	(2,480)	2.5	(1.75)
Rotaflex (GB)	June 30	539	(690)	0.519	(0.472)
Taylor Woodrow	June 30	8,090	(7,730)	2.01	(1.98)

(Figures in parentheses are for corresponding period.)

Dividends shown net except where otherwise stated.

* Adjusted for any intervening scrip issue. † Previous six months to December, 1977. ‡ Recommendation of dividend has been adjourned until August 2. § Announced in the event of merger with Oliver Rix becoming unconditional. ¶ Figures for three months due to change of year end. L Loss.

Scrip Issues

Davy International: One for one ordinary.

Wheelers Restaurants: two for 13 ordinary.

Robert Fleming moves ahead to £5½m

FURTHER PROGRESS was achieved by Robert Fleming Holdings in the year ended March 31, 1978 with pre-tax profits showing an increase from £4.88m to £5.51m.

Both the main merchant banking activities had an active year and the contribution from this section, up from £3.16m to £3.7m, was the main impetus behind the increased group result. The profit from the investment trust side improved from £1.72m to £1.81m.

Mr. W. R. Merton, chairman, reports that Robert Fleming and Co., the corporate finance department, was particularly busy and further progress was also made on the banking side with deposits increasing by £30m over the year. An increase in current and other accounts of £37m, however, and the contra item on the asset side of the balance sheet were largely fortuitous.

The chairman points out that these items vary considerably over the period of each Stock Exchange account, as must be expected with a transaction turnover of some £12bn in the year.

The level of business carried out in investment currency dealing was aided by the removal of the surrender requirement at the beginning of 1978.

The chairman reports that funds managed by Robert Fleming Investment Management showed a further increase helped by the further rise in UK share values. Pension funds in particular rose by nearly 20 per cent.

Robert Fleming Investment Trust continued to show a satisfactory increase both in net income and net asset value, but Jardine Fleming showed a decrease compared with the profit for the previous year.

The group's holding in the capital of Save and Prosper Group increased from 19.8 per cent to 20.8 per cent during the year. The directors do not however feel that this constitutes sufficient reason to give effect to policies set out in SSAP 1. The group's interest in the profit of S & P amounted to £431,000 at the pre-tax level for the year ended December 31, 1977 (£626,000 previous 15 months) — the group accounts of Fleming include dividends received from S & P amounting to £147,000 (£144,000).

The directors estimate that the value of the holding in S & P has risen from £1.54m to £2.31m at March 31, 1978.

In their statement the auditors refer to the directors' explanation in not complying with SSAP 1.

After tax of £2.24m (£1.96m) the group net profit of Fleming amounted to £3.27m (£2.92m).

A statement of directors share interests in the group show that at the year end the beneficial holding by Lord Wynfold had been reduced from 299,827 to 151,827 while his interest as trustee was down from 1,566,012 to 674,871. The beneficial interest of Mr. D. G. Thomas was up from 688,162 to 942,132.

At March 31 group investments of £23.57m (£21.6m) had a value of £41.43m (£37.04m). Advances showed a rise from £46.62m to £100.49m while deposits stood at £104.1m (£73.89m).

Total assets less current liabilities are £90.6m compared with £82.28m at the end of 1977 and net asset value per share is 270½p (246¼p).

Drayton Premier Trust

In the half year to June 30, 1978, net revenue available for ordinary holders of Drayton Premier Investment Trust amounted to £1.01m against £976,500 in the same period last year.

The net interim dividend is raised from 1.4p to 2p—in 1977 the total was 6.7p per 25p share.

	Six months 1978 £	1977 £
Gross income	2,129,880	2,242,308
Management expenses	138,990	122,300
Loan capital int.	250,800	250,800
Dollar loan int.	—	102,409
Revenue before tax	1,739,200	1,766,800
Tax	695,300	753,400
Net revenue	1,043,900	1,013,400
Preference dividends	36,900	36,900
Available Ordinary	1,007,000	976,500
Interim dividend	583,400	394,400

Plastic Construct. optimistic

PROFITS BEFORE tax of Plastic Constructions fell from £214,446 to £187,937 in the six months to March 31, 1978, but with the present record order book, a much improved second half is anticipated, the directors say.

Turnover for the first six months increased from £3.69m to £4.47m. Figures exclude the associate company, which will be dealt with in the annual accounts, and the subsidiary, sold during the first half.

The interim dividend is effectively raised from 0.69p to 0.76p—last year's total was equal to 2.075p from pre-tax profits of £503,000.

Tax charge in the first six months was £97,727 (£111,512) leaving net profit at £90,210 compared with £102,934.

KCA forecasting profit increase

IN REVIEWING 1977 and the current year to date Mr. Paul Bristol, chairman of KCA International, tells members that "it is now abundantly clear that the company has overcome the problem of the Algerian contract . . . and can now turn its undivided attention and energies toward productive operation and profitable growth."

Although there were again substantial losses in Algeria in 1977 overall the group returned to profitability with a pre-tax figure of £1.98m. This result together with the renewed financial stability the chairman sees as a basis for future growth which will result in increased profits for 1978.

The loss for 1976 totalled £7.6m. The total loss on the Algerian contract reflected in the accounts for 1976 was £6.95m which included a provision of £2.75m for losses sustained after that date. Of this provision £2.4m has been set against actual losses shown in 1977 of £3.1m and there is left £350,000 as a provision in the balance-sheet at December 31, 1977, to cover any losses sustained in 1978. After reviewing the transactions for the five months to May 31 the directors feel that this provision will be sufficient.

The chairman says that much of the group's improved condition results from the agreement with Mr. Travis Ward to purchase the Algerian rigs and related equipment. As a result the group is in a better condition than could have been anticipated a year ago, and the directors are confident that the group's working capital requirements for the foreseeable future are adequately covered.

Referring to KCA Drilling, Mr. Bristol points out that with the exception of the Algerian contract this offshoot has been consistently profitable and in 1977 turned in £4.53m. This company is pursuing a policy of controlled yet rapid growth. The market in this area is ever increasing and new emphasis has been placed on penetration into those markets that allow the best return in line with the risk involved.

A note to the accounts states that an actuarial valuation of the group's pension scheme at January 1, 1977, showed a deficit of some £800,000. This included liabilities in respect of members of the scheme who ceased to be employed by the company on the sale of its interest in BP Aquaseal. The KCA Board has been advised that the residual deficit may be corrected by increasing the company's annual funding contribution from 8.75 per cent to 13.5 per cent of the pensionable salaries. This was effected as from January 1, 1978.

The accounts show that a £25,000 compensation payment was made to a director during the year.

Meeting, Hotel Inter-Continental, W, September 29 at noon.

Better outlook for Celestion Industries

Prospects for Celestion Industries in the current year are more encouraging although Mr. D. D. Prenn, chairman, points out that because of the seasonal nature of the business this may not be reflected in the first half result.

In the year ended April 1, 1978 group pre-tax profit rose from £1.09m to £1.18m including a £136,764 pre interest contribution from Wood Bastow from November 25, 1977. The group's net operating profit of £1.13m was split as to clothing £513,703 and sound reproduction equipment £614,341.

Referring to the purchase of Wood Bastow the chairman states that this group supplies garments to Marks and Spencer, and makes swimwear under the Slix label. These activities complement those of Celestion Textiles in supplying Marks and Spencer and gives the group a second brand name to add to Bonsoir acquired two years ago.

Mr. Prenn says that "we now have a strongly based group of garment manufacturing companies having effectively doubled our size at the expense of increasing our share capital by less than 16 per cent."

Exports during the year reached £5.06m representing nearly 50 per cent of the non-Marks and Spencer turnover and showing an increase of 50 per cent.

The performance of Wood Bastow was disappointing but following a reorganisation, productivity is encouraging and the chairman is confident that it will be maintained.

In the original Celestion group the results of the loudspeaker side were affected in the second half by a depressed home market and by adverse currency fluctuations which made exports less profitable.

At the year-end stocks had risen from £2.7m to £7.24m and overdrafts from £324,146 to £6.24m. The chairman says that it is intended to reduce overdrafts during the current year and by mid-July they were down to £4.9m.

Meeting Brown's Hotel W, September 5 at noon.

Edinburgh American falls

To enhance capital growth Edinburgh American Assets Trust is rebuilding its gearing and has borrowed further for investment overseas. As a consequence interest charges in the first half of 1978 rose from £378,000 to £440,000 resulting in a fall in pre-tax revenue from £271,000 to £233,000.

Gross revenue for the period advanced from £649,000 to £673,000 and consisted of franked income £132,000 (£179,000), unfranked £540,000 (£464,000) and underwriting income £1,000 (£6,000).

Tax took £105,000 (£111,000) and preference dividends £8,000 (same). The available balance was £120,000 (£152,000) equivalent to 0.85p (0.88p) per 25p share.

Assuring full conversion of convertible loan stock, the net asset value per share at June 30 rose 28 per cent to 157p from its December 31, 1977, level of 122p. This rise was due to the continued good performance of some of the smaller companies in the U.S. and the increase in the value of the dollar premium.

Fears of higher interest rates in the UK and U.S. may restrain both markets but smaller companies in which Edinburgh American is invested should continue to grow, despite any slow down in these economies, say the directors.

Debt at June 30, 1978, totalled £8.7m (£7m). During the first half the company drew down US$2m being the undrawn portion of the $3m facility. A loan of DFl 2.4m was also taken out to increase investment in Europe.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
ABN	F340	—	—	3	25	—	—	F364.50
ABN	F360	—	—	10	9.50	—	—	..
AKZ	F27.50	7	5	8	5.80	—	—	F30.80
AKZ	F30	28	3	21	3.60	1	4.80	..
AKZ	F32.50	42	1.50	19	2.60	51	3.30	..
ARB	F75	—	—	5	4	—	—	F76.10
EK	$50	7	10¼	—	—	—	—	$60⅜
EK	$60	2	3⅞	6	5	20	6⅝	..
FNC	$25	—	—	—	—	33	2⅛	$24¼
GM	$60	1	3⅝	1	4¼	—	—	$58¼
GM	$70	7	¼	—	—	—	—	..
HO	F32.50	3	7	—	—	—	—	F37
HO	F35	2	4.50	9	5	2	6.50	..
HO	F37.50	39	3	12	5	—	—	..
IBM	$240	8	38	6	39	—	—	$276⅞
IBM	$260	7	20	—	—	—	—	..
IBM	$280	15	7⅝	11	12¾	1	15¼	..
KLM	F133.30	—	—	5	22	—	—	F152
KLM	F142.90	3	18.50	—	—	—	—	..
KLM	F152.40	1	11	—	—	—	—	..
KLM	F160	6	7	—	—	—	—	..
KLM	F161.90	17	7.50	4	10	—	—	..
KLM	F170	20	4.80	—	—	—	—	..
KLM	F171.40	5	4.50	5	6	—	—	..
KLM	F181	—	—	12	5	—	—	..
KLM	F190.50	7	1.20	3	2.50	—	—	..
KLM	F209.50	3	0.70	13	1.50	—	—	..
NN	F98.90	2	7	—	—	—	—	F102.70
NN	F108.90	—	—	5	3.10	—	—	..
NN	F118.90	—	—	24	2	—	—	..
PHI	F25	2	1.80	—	—	—	—	F26.10
PHI	F27.50	10	0.70	65	1.10	10	1.50	..
PRD	$40	1	7½	—	—	—	—	$47⅛
PRD	$45	4	4½	—	—	—	—	..
RD	F130	1	6	—	—	—	—	F134.50
RD	F140	3	1.60	—	—	—	—	..
T	$60	20	1½	20	2	20	2½	$60⅝
UNI	F130	10	5.50	—	—	2	8	F121.60
UNI	F150	3	0.60	—	—	—	—	..
		Aug.		Nov.		Feb.		
DA	$50	1	12¼	—	—	—	—	$62½

UNITED INTERNATIONAL BOND FUND

NOTICE TO HOLDERS OF BEARER SHARES

The first Interim Distribution from the Fund in respect of the period ended June 30th, 1978, will be paid on Friday, July 28th, 1978, to persons presenting coupon number 1 detached from Bearer Certificates. The amount payable is U.S. $1.10 per share. Coupons may be presented at the office of the Trustee, The Bank of Nova Scotia Trust Company Channel Islands Limited, Queen's House, 13-15 Don Road, St. Helier, Jersey, Channel Islands, or at any of the Paying Agents listed below:

United International Bank Limited, 30 Finsbury Square, London EC2A 1SX.

Algemene Bank Nederland, (Genève) S.A., P.O. Box 228, 12 Quai Général-Guisan, CH-1211 Genève 3, Switzerland.

Algemene Bank Nederland in der Schweiz A.G., P.O. Box 944, 24, Schifflände, 8022 Zurich, Switzerland.

Algemene Bank Nederland N.V., P.O. Box 2720, Faraj Bin Hamoodah Building, Sheikh Hamdan Street, Abu Dhabi, United Arab Emirates.

The Bank of Nova Scotia, P.O. Box 5260, 5th Floor, Bank Saderat Iran Building, Government Road, Manama, Bahrain.

The Bank of Nova Scotia, P.O. Box 2639, 1st Floor, Al-Futtaim Tower Building, Deira, Dubai, United Arab Emirates.

The Bank of Nova Scotia Channel Islands Limited, Queen's House, 13-15 Don Road, St. Helier, Jersey, Channel Islands.

NOTICE TO HOLDERS

The first interim, unaudited accounts of the Bond Fund for the period to June 30th, 1978, are open to inspection during usual business hours by any Holder at the Office of the Trustee, The Bank of Nova Scotia Trust Company Channel Islands Limited, Queen's House, 13-15 Don Road, St. Helier, Jersey, Channel Islands.

Copies will automatically be sent to the Holders of Registered Shares and may be obtained by the Holders of Bearer Shares upon production of their Certificates at the Offices of the Trustee, Manager or any Paying Agent.

Signed: United International Management (C.I.) Limited, Managers, 14 Mulcaster Street, St. Helier, Jersey, Channel Islands.

WORLD STOCK MARKETS

Dow 5.7 higher in heavy trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—99¼% (99¼%)
Effective $1.9250—47¼% (46¼%)

AFTER STARTING on an easier note yesterday, Wall Street resumed its upward path in another heavy trade, with Glamour and Blue Chip issues continuing to lead the way.

The Dow Jones Industrial Average improved 5.72 more to $856.29, making a rise on the week of 22.87. The NYSE All Common Index finished 28 cents higher at $56.18 for a week's advance of $1.27, while gains outpaced declines by 960-to-537. Turnover, at 33.97m shares, virtually equalled Thursday's 33.99m.

Brokers said some buying was inspired by the Federal Reserve report after the Stock Market close on Thursday of an unexpectedly sharp decline in the U.S. money supply, which adds to indications that interest rates may be peaking.

The market overcame early hesitation on the Labour Department report that the Consumer Price Index in June rose at an adjusted 10.9 per cent annual rate, the same as in the previous month. The White House called the CPI report "extremely disappointing" and Federal Reserve Board Chairman Miller termed the increase "disturbing."

Analysts added that recent stock market gains had been aided by a generally improved flow of second-quarter earnings statements. Press reports revealed yesterday that a survey of businesses shows a 10.1 per cent rise in second-quarter earnings.

The dollar fell to new lows yesterday against the Swiss franc and the Japanese yen, in part because of the CPI sharp rise.

Among Glamour and Blue Chip stocks, IBM advanced 2¼ to a new high for the year of $278½, while Du Pont gained 1⅞ to $118¼, Honeywell ¾ to $66¾, Exxon ¾ to $46¼, Texas Instruments 1¼ to $87, Xerox ¾ to $56¾ and active Johns-Manville ¾ to $29¼.

National Airlines moved ahead $1¼ to $26¼ before trading was halted — Texas International Airlines said it has asked for Civil Aeronautics Board approval to acquire control of National.

THE AMERICAN SE Market Value Index rose 0.57 further to 154.15 for a gain on the week of 2.31. Volume was 4.01m shares (3.98m).

CANADA — Most sectors made further headway in a very active business. The Toronto Composite Index put on 2.2 to 1,189.5, while Golds advanced 8.2 to 1,596.0, Papers 2.13 to 124.63 and Utilities 1.06 to 180.11. Banks, however, came back 1.03 to 285.13.

PARIS—Stock prices continued to move ahead, leaving the Bourse Industrial index 1.3 higher at a new peak for the year of 75.7.

Brokers commented that the market has recently become increasingly more confident of Prime Minister Raymond Barre's ability to restore balance to the French economy, noting that this is reflected in the strength of the franc on foreign exchange markets. They said Friday's good stock market performance partly reflected the second consecutive lowering of the call money rate by ¼ of a point to 7 per cent—its lowest level in 30 months.

GERMANY—Shares were easier-inclined yesterday, but dealers said optimism in the market remained high and losses were due to technical factors following sharp gains over the past two weeks. The Commerzbank index came back 3.5 from the year's peak attained on Thursday to close at 816.4.

Stores, however, which have been particularly strong of late, rose afresh, with Karstadt adding DM 3 and Neckermann DM 2.80. Among Motors, BMW advanced DM 4.50 more, but Daimler Benz receded DM 1.50.

JOHANNESBURG—Golds closed the week on a strong note, reflecting record Bullion levels. Trading was fairly active throughout the day, with local interest bolstered by Overseas demand.

Platinum shares also advanced, recording gains of up to 12 cents in response to the upward trend in world prices for the commodity.

TOKYO—Market displayed an upward bias, helped by renewed buying interest in some export-orientated stocks. Volume came to 290m shares (270m).

Electricals and Motors gained ground, with investors welcoming the Bank of Japan's massive intervention to support the dollar in Tokyo. TDK Electronics rose Y70 to Y2,250, Matsushita Electric Y27 to Y730 and Toyota Motor Y5 to Y875.

HONG KONG—After a two-day closure due to a tropical storm, the market started higher yesterday on mainly local demand, but eased near the close on profit-taking to finish on a rather mixed note. However, the Hang Seng index was still 3.84 up on the day at 581.86.

Indices

NEW YORK —DOW JONES

	July 28	July 27	July 26	July 25	July 24	July 21	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrials	856.29	850.57	847.12	839.57	861.60	853.42	[illegible]	742.12	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	87.66	87.46	87.29	87.15	87.20	87.20	[illegible]	86.75	—	—
Transport	236.31	236.17	235.00	233.05	229.52	228.95	235.31	[illegible]	279.88	13.23
Utilities	106.46	106.09	105.95	105.95	105.58	105.07	[illegible]	102.84	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	33,970	33,990	36,650	25,400	23,260	26,050	—	—	—	—

* Basis of index changed from August 24

	July 21	July 14	July 7	Year ago (approx)
Ind. div. yield %	5.62	5.56	5.75	4.81

STANDARD AND POORS

	July 28	July 27	July 26	July 25	July 24	July 21	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	110.61	110.09	109.55	108.82	107.95	108.04	[illegible]	95.52	134.54 (11/1/73)	3.52 (30/6/32)
Composite	100.00	99.54	99.08	98.44	97.72	97.75	100.62	86.90	125.85 (11/1/73)	4.40 (1/6/32)

	July 12	July 5	June 28	Year ago (approx)
Ind. div. yield %	5.07	5.16	5.11	4.46
Ind. P/E Ratio	9.12	8.95	9.04	10.12
Long Gov. Bond yield	8.59	8.62	8.57	7.59

N.Y.S.E. ALL COMMON

July 28	July 27	July 26	July 25	1978 High	1978 Low
56.18	55.90	56.61	55.27	56.26 (6/7)	48.37 (6/3)

Rises and Falls

	July 28	July 27	July 26
Issues traded	1,881	1,887	1,887
Rises	960	1,003	981
Falls	537	497	472
Unchanged	384	387	434
New Highs	144	121	118
New Lows	10	8	16

		July 28	July 27	July 26	July 25	1978 High	1978 Low
MONTREAL	Industrial	192.40	190.82	190.11	190.17	192.40 (28/7)	162.50 (1/3)
	Combined	200.84	199.63	199.01	199.05	200.84 (28/7)	170.62 (30/1)
TORONTO	Composite	1189.5	1187.5	1181.6	1182.6	1189.5 (28/7)	998.2 (30/1)
JOHANNESBURG	Gold	259.5	255.0	254.6	252.4	259.5 (28/7)	195.0 (2/4)
	Industrial	252.0	251.2	250.5	251.4	252.7 (24/7)	194.9 (15/3)

	July 28	Previous	1978 High	1978 Low
Australia(*)	515.16	511.66	515.18 (26/7)	441.19 (1/3)
Belgium (‖)	96.57	96.49	101.16 (6/3)	90.46 (25/5)
Denmark(**)	97.06	96.92	98.15 (9/1)	94.00 (6/2)
France (‡‡)	75.7	74.4	75.7 (28/7)	47.6 (3/2)
Germany(‡‡)	816.4	819.9	819.9 (27/7)	759.4 (1/2)
Holland (§§)	84.4	84.4	87.0 (3/5)	76.0 (4/4)
Hong Kong	581.86	(c)	582.67 (6/7)	383.44 (13/1)
Italy (‖‖)	62.73	62.77	64.24 (19/7)	55.46 (10/1)
Japan (a)	423.32	421.04	425.21 (19/7)	364.04 (4/10)
Singapore (b)	356.54	352.44	356.64 (28/7)	282.0 (9/1)

	July 28	Previous	1978 High	1978 Low
Spain (d)	105.78	104.07	[illegible]	[illegible]
Sweden (e)	399.52	396.48	[illegible]	[illegible]
Switzerl'd (f)	—	291.6	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Milan 2/1/73. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
British Petroleum	455,600	16¼	+ ¼
Jim Walter	433,700	30⅞	+1⅞
Pan-Amer. Air.	373,500	8⅞	—
Texaco	321,600	25½	− ⅛
Citicorp	305,200	24⅛	− ⅛
Occidental Ptrlm.	297,600	20¼	− ⅛
Westinghse. Elec.	293,900	24½	+ ½
Dow Chemical	268,000	25½	+1⅛
American Airlines	261,900	16⅛	+ ⅛
Sears Roebuck	229,200	23⅛	+ ⅛

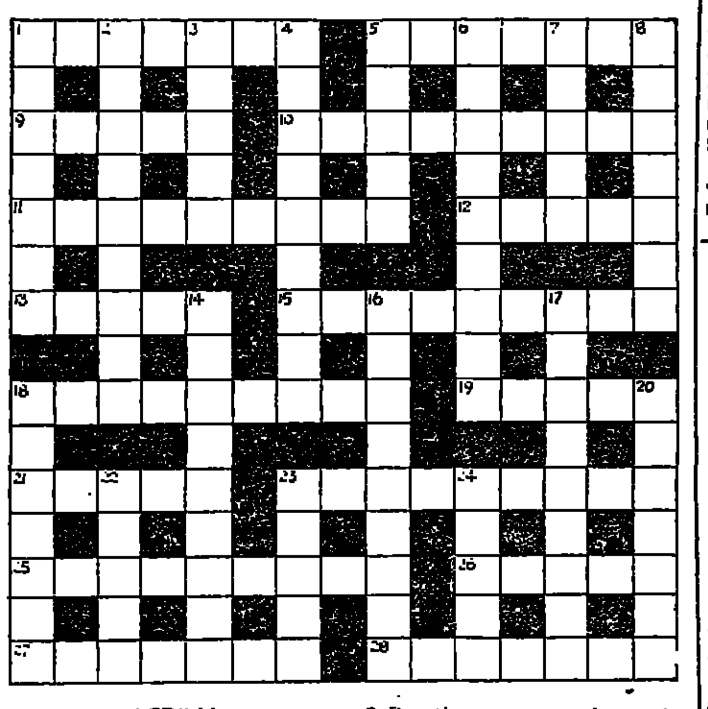
F.T. CROSSWORD PUZZLE No. 3,731

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



ACROSS

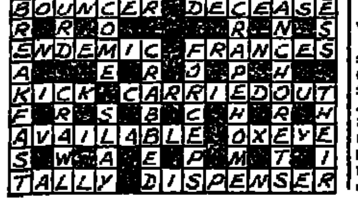
1 Drama writer found in children's enclosure (4, 3)
5 Complainant in cab (7)
9 Health resort in country (5)
10 International contest, of course, seems a pedestrian affair (6, 3)
11 Club annoyed by decoration (4, 5)
12 Stratagem followed by city in U.S. (5)
13 Amused expression democratic leader brings to boring work (5)
15 Bird for cat to rouse they say (9)
18 After training a paratrooper is exhausted (3, 2, 4)
19 Heath has U.S. morning off (5)
21 Count brings a divine to a superior position (3, 2)
23 Study previous yes-man (9)
25 He steals sacks (9)
26 Times leader on Georgia is in the cart in the east (5)
27 Train to reunite stranger (7)
28 Not affected by an idiot (7)

DOWN

1 Temporary aspect of football (7)
2 A nuclear scientist needs an analyst (9)
3 Fright concealed by grandpa nicely (5)
4 Paper novel on difficult delivery at Lords (3, 6)
5 Beastly youngsters' trustee stocks (5)
6 Super gear finished with determination (9)
7 Month a student upset fortified drink (5)
8 Salesman with permit oriental filled up (7)
14 Left out when over-willing to be reprimanded (7, 2)
16 You can't say this raid isn't cricket (3, 3, 3)
17 Like one article on less important region (4, 5)
18 Girl in flight quickly losing her cool (7)
20 Fly posting (3, 4)
22 Put off by key relative (5)
23 Chinese leader sure to break oath (5)
24 Month note turns up in composition (5)

Solution to Puzzle No. 3,730.

SOLUTION AND WINNERS OF PUZZLE No. 3,725



Following are the winners of last Saturday's prize puzzle:

Mr. J. G. Dempsey, 22, Marlborough Court, Earls Avenue, Folkestone, Kent CT20 2PN.

Mrs. K. M. Parry, 45, St. Austell Road, TLE, Leicester LE5 2AG.

Peter Worth, 21, Baashill Close, Broxbourne, Herts.

RACING BY DOMINIC WIGAN

Carson is only 8-1 for double century

WILLIE CARSON, having raced to the fastest "ton" since Lester Piggott broke the 100 barrier nearly 20 years ago, is making equally rapid progress towards the double century.

If, as seems conceivable, Carson, aged 34, of Scotland, can maintain his present impetus, the 8-1 offered about him becoming the first double-century scorer since Gordon Richards in 1952 will soon be gone.

Today, Carson again takes in Goodwood before driving the 50-odd miles to Windsor's evening fixture. At both meetings he has collected some likely looking mounts, in particular those from his retaining stable of West Ilsley.

One in the last category who seems sure to start a well-backed favourite is Cistus, Dick Hern's representative in the intriguing Group 2 Nassau Stakes.

Since putting up a disappointing display at the Curragh in the Irish 1,000 Guineas, Cistus has done little wrong.

The four-lengths conqueror of Swiss Maid in the Lupe Stakes over this 10 furlongs course and distance in May, the Sun Prince filly then failed by two lengths to cope with Reine de Saba in the French Oaks (the Prix de Diane de Revlon) before returning to winning form with a head success over Ridaness in the Child Stakes at Newmarket.

Her form looks a cut above those of her six opponents there and I expect to see Carson having few worries. Seraphima, a four-lengths fourth in that Newmarket race, is a tough and consistent filly and may provide the forecast.

In the other main event on this, the final afternoon of Glorious Goodwood, which has certainly lived up to its name weatherwise (although not, perhaps, from a racing viewpoint) is the House of Gerard Coup des Bijoux.

Here, Hern and Carson probably provide the chief threat to Lester Piggott's mount, the firm-ground specialist Fool's Mate, through the improving Town and Country, conqueror of Fool's Mate in York's Magnet Cup.

The jumping season is back with us today and one man poised to get off to a flyer is the record-breaking champion, Jonjo O'Neill.

The young Irishman has four booked mounts at Market Rasen, where he landed a long-priced double on the corresponding evening a year ago before getting within one of the 150 mark for the season.

GOODWOOD
1.45—Iunini
2.15—Al Amal
2.50—Fool's Mate***
3.20—Cistus*
3.50—Persepolis
4.20—Partnerplan

NEWMARKET
2.30—Reine Soleil
3.00—Foveros
4.00—Olympios

THIRSK
1.45—Run Hard
2.15—Irish Display

WINDSOR
5.50—Manawa**
6.20—Red Sox

SPAIN ♥

BRAZIL

NEW YORK

CANADA

GERMANY ♦

PARIS

AUSTRALIA

TOKYO ¶

BRUSSELS/LUXEMBOURG

STOCKHOLM

AMSTERDAM

COPENHAGEN ✱

SWITZERLAND ●

MILAN

OSLO

VIENNA

JOHANNESBURG

Source Nikko Securities, Tokyo

Securities Rand U.S.$0.72 (Discount of 37.4%)

† Bid. ‡ Asked. § Traded. ¶ New stock.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Japanese shipbuilding bankruptcy

BY ROBERT WOOD

TOKYO, July 28.

USUKI IRON WORKS, a medium-sized Japanese shipbuilder and a 55 per cent-owned subsidiary of the giant Ishikawajima-Harima Heavy Industries (IHI), went into bankruptcy reorganisation today with liabilities estimated at Y30bn ($150m). It was the second biggest Japanese shipbuilding bankruptcy to date following the Y43bn failure of Hashihama last December.

The bankruptcy came three months after a left-wing union at the larger of Usuki's two shipbuilding works rejected a "reconstruction plan" calling for the closing of the works and the transfer of its workers to another site that has traditionally been organised by a more conservative union.

The management formally withdrew that plan and the unions were said to be co-operating on a new plan to keep both works open. But an official of the more conservative union the Japan Confederation of Shipbuilding and Engineering Workers, said today he had received a full explanation of the bankruptcy reorganisation application. Meanwhile an official of the left-wing All-Japan Shipbuilding and Machinery Workers' Union said his members first heard about the application in company gossip more than an hour after the plan was filed in court.

Tadayoshi Hisatomi, assistant general secretary of the Shipbuilding Workers' Confederation, said the confederation would now be willing to co-operate if the company wants to pursue reorganisation involving closing of the company's Saegi works. The Saegi works is dominated by the Shipbuilding and Machinery Workers' Union.

Throughout Japan, the Shipbuilding Workers' Confederation is 20 times as large as the Shipbuilding and Machinery Workers' union. It represents the workers in the largest shipbuilders, while its counterpart represents workers mainly at smaller shipbuilders, who generally receive lower pay than workers at big companies.

However, 60 per cent of all Japanese shipbuilding workers are unorganised, mainly in smaller shipbuilders and subcontractors. The larger shipbuilding union is often accused of neglecting them, but the left-wing union has had little success in organising them or improving conditions in the shops it has organised.

Usuki Iron Works is the 13th of Japan's 63 builders of ocean-going vessels to enter bankruptcy reorganisation since the beginning of 1977. In spite of its name, 95 per cent of Usuki's business is shipbuilding, making it extremely vulnerable to the world recession. IHI was encouraging Usuki to expand its machinery production, concentrating on water treatment machinery to be built with idle shipbuilding equipment at the works organised by the Shipbuilding Workers' Confederation.

The Saegi works built ships of the 10,000- to 15,000-ton class while the smaller, Usuki Works, built 5,000-ton class ships. Mr. Hisatomi claimed that the Saegi works had to be closed because the 10,000- to 15,000-ton class of ships is among the most depressed sectors of the shipbuilding industry.

Mr. Hisatomi said that after the management withdrew the plan to close the Saegi works, a new plan was worked out to transfer some orders from the Usuki works to the Saegi works, the unions agreed to wage cuts, and 420 "voluntary retirements" were solicited from workers at both sites. The total work-force of the company had been 1,308.

But Oita Bank, a small regional bank on the island of Kyushu where Usuki is located, found the new reconstruction plan inadequate. Both the bank and the parent company refused to lend any more money. Thus the company had to declare bankruptcy. It was expected that both the bank and the parent company would eventually cooperate in a more severe reconstruction plan for Usuki.

Kloeckner-Werke turnover down

By Guy Hawtin

FRANKFURT, July 28.

KLOECKNER - WERKE, West Germany's third largest steel company, has reported that despite increases in tonnage production, turnover during the first eight months of the 1977-1978 business year has declined.

External turnover, excluding value added tax, has declined on a monthly average basis by 4.7 per cent compared with the average for the whole of 1976-77. In the work's newspaper, the group's Executive Board said that the monthly average for the first eight months totalled DM 327.2m ($159.5m) compared with the 1976-77 figure of DM 343.5m.

Turnover in the steel processing sector increased slightly, rising 1 per cent on a monthly average basis from DM 122.9m to DM 124.1m. However, iron and steel turnover fell back from a monthly average of DM 220.6m to DM 203.1m, while exports, calculated on the same basis, were down from DM 111.5m to DM 106.6m.

In contrast with the cash sales figures, production rose substantially. Crude iron output went up on the monthly average basis by 5.4 per cent from 213,000 tonnes to 225,000 tonnes, crude steel production rose 8.6 per cent from 321,000 tonnes to 348,000 tonnes, and rolled steel output was up 5.4 per cent from 297,000 tonnes to 313,000 tonnes.

Texaco earnings decline steeply in second quarter

BY OUR FINANCIAL STAFF

TEXACO, THE latest U.S. oil major to report second quarter figures, suffered a sharp slide in earnings during the period as a result of depressed worldwide demand and higher costs.

Net profits fell by a third to $158.4m, with per share earnings down to 58 cents from 88 cents, a steeper fall than seen in the first three months.

For the whole of the first half, Texaco's earnings showed a decline of 28 per cent to $345.8m; per share, they were down from $1.77 to $1.27. Net income attributable to U.S. operations went down by over 34 per cent to $166.8m. Outside the U.S., there was a 21 per cent drop to $179m.

The chairman and chief executive of Texaco, Mr. Maurice F. Granville, said the decline in earnings reflected falls of 9.4 per cent in production in the U.S. and 17.4 per cent abroad.

The fall experienced in nearly all of its producing areas abroad was mainly a result of lower worldwide demand for such crudes, he said. It was also accompanied by cost increases stemming from inflation and from Government actions, including the impact of the OPEC two-tier crude price increases of January and July last year.

Mr. Granville said that results from refining, marketing and supply activities outside its home base continued to be unsatisfactory and were roughly the same in both half-year periods.

He noted that revenue gains due to higher product prices had more or less offset substantially increased crude costs, inflationary rises in expenses, and lower profitability from the processing of heavier crude oils.

Texaco revenues in the second quarter moved down from $7.1bn to $6.8bn, with a six monthly decline to $13.8bn from $14.2bn.

Earlier this year, the company indicated that it was now emphasising profitability rather than volume in refining as well as marketing. As a result, Mr. Granville said in March, "we will see continued improvement in profitability in the U.S. and western Europe.

Consolidated figures from Nissan

NISSAN MOTOR Company, the makers of Datsun cars, has reported consolidated net income Y95.51bn ($490m) for the year to March 31, on sales of Y2.59 trillion (million million), equivalent to $13.3bn.

These are the first consolidated figures released by the company.

Also publishing consolidated results for the first time, Nippon Kokan, the Japanese steelmaker and shipbuilder, has announced consolidated net income of Y4.95bn ($25.4m) for the year to March 31. Sales were Y1.24 trillion ($6.4bn).

Nippon Oil Company's consolidated net income for the year to March 31 was Y26.61bn ($136m). Sales totalled Y2.10 trillion ($10.8bn).

Matsushita sees stronger gains

TOKYO, July 28.

MATSUSHITA Electric Industrial Company has raised its consolidated profits and sales forecasts for the current financial year, ending in November, after achieving record results in the first half, helped by overseas sales of video tape recorders and stereo equipment and some recovery in the domestic economy.

The net profit forecast is increased to "more than Y85bn ($436m)," from the earlier estimate of Y80bn, to indicate a gain of 9 per cent on 1976-77. The sales estimate is increased to "more than Y2.05 trillion (million million)," equivalent to some $10bn, from 1bn, reaching a level 8 per cent above last year's.

Sales of consumer electronic equipment and components rose 8 per cent in the six months to Y159.22bn, while home appliance sales gained 8 per cent to Y279.41bn.

Export and domestic sales of video tape recorders and stereo hi-fi equipment were leaders in the first half increase, according to the company. In the domestic market, air conditioner and refrigerator sales were "brisk."

Communications, measuring and special equipment sales rose 15 per cent to Y56.34bn, and industrial equipment sales expanded 8 per cent to Y45.84bn.

Lighting equipment, tubes and semi-conductor sales gained 5 per cent to Y41.13bn, and battery sales rose 16 per cent to Y40.17bn.

Although domestic consumer spending growth had remained backward, the company said, the nationwide business recovery was gradually progressing as a result of Government economic measures.

Matsushita still faced problems with the appreciation of the yen and competition from developing countries, but had continued to emphasise the development of new, higher value products, and strong sales promotion campaigns designed to boost sales.

Consolidated net profit rose 19 per cent in the three months to May 20 to Y23.71bn ($121.6m), Y19.93bn in the same period of the previous year. The previous record was Y22.19bn, in the fourth quarter last year.

Second quarter sales rose 9.0 per cent to Y523.3bn ($2.7bn) from Y481.81bn a year earlier, passing the record Y511.31bn of the fourth quarter last year.

The six-month net profit increased 15 per cent to Y42.30bn ($217m), from Y36.9bn, while sales rose 8.0 per cent to Y1 trillion (million million), equivalent to $5.1bn, from Y923.64bn.

Export sales rose 12 per cent in the quarter to Y145.21bn, while six-month exports increased 14 per cent to Y295.75bn.

Agencies

Belgium bank assets rise

BY OUR FINANCIAL STAFF

AN EXPANSION of almost 11 per cent in balance sheet total and a comfortable first half profits performance were unveiled yesterday by Societe Generale de Banque SA, Belgium's largest banking group.

The bank reported that results for first half of 1978 "compared favourably" with those for the same period last year. This provided "good reason" to believe that the second half of the year would follow suit. Despite the difficult economic situation in the opening months of 1978, savings had increased at a rate higher than that of inflation.

At the end of June the banks' balance sheet was BFr 720.6bn an increase of almost 11 per cent on the level of December 31, 1977. Customers' deposits and cash certificates rose 6.5 per cent to BFr 419bn, while bankers' and subsidiaries' creditor accounts increased 18.9 per cent to BFr 235bn.

In 1977 the bank managed to improve net profits from BFr 1.45bn to BFr 1.53bn out of which a dividend of BFr 204 per share was paid, against BFr 189 for 1976.

Norway's Co-op retrenches

By Fay Gjester

OSLO, July 28.

NORWAY'S Co-op stores are to reduce the variety of goods on offer, as part of an economy drive and in anticipation of lowered consumption as the recession makes itself felt in Norway.

The drive will be directed mainly towards bettering profitability of the Co-op's smaller outlets, many of which either lost money or only just broke even last year. In these shops, the range of wares will be cut drastically—in some cases by half. Fewer brands of each product will be carried.

A spokesman for NKL, the Norwegian Co-op movement, said Swedish Co-ops had already successfully cut the assortment of goods they offered in their smaller shops. Profits had improved, and customer reaction had also been positive.

Aetna Life again ahead

BY DAVID LASCELLES

NEW YORK, July 28.

AETNA LIFE and Casualty, the largest all-line U.S. insurance company, today reported a further rise in second quarter earnings. Net profits were $135.1m, or $2.50 a share compared with $107.2m, or $1.99 a share, in the same period of last year.

Operating earnings, calculated before capital gains and losses, also increased to $140.3m, or $2.60 a share from $107.7m, or $2 a share.

The figures appear to reflect the continuing strength of the insurance industry which is currently at a high point in its usual four-year cycle.

All of Aetna's figures also represent improvements on the first quarter of this year which suggests that the plateau in earnings, predicted for the middle of this year, has not yet been reached.

* * *

Second quarter earnings per share from "Star Wars" studio Twentieth Century-Fox emerge at $1.95 compared to $2.21 in the opening three months of 1978, writes our financial staff.

However, the performance still leaves the first six months running well ahead of 1977 with per share earnings at $4.16, against $1.10. Revenue for the half year was $308.1m compared to $190.2m.

Fuji Photo profit rises

TOKYO, July 28.

FUJI PHOTO FILM COMPANY has announced that its consolidated net profit for the half-year to April 20 rose slightly, to Y9.11bn ($46.7m), from Y9.02bn in the same period of the previous year.

Consolidated sales increased by 8.3 per cent to Y154.81bn ($794m), from Y142.97bn.

The company absorbed an exchange loss in the half-year of Y1.01bn, four times the Y252m a year earlier.

Sales to the consumer market of photographic materials rose 8.5 per cent to Y70.3bn, while equipment sales rose 4.6 per cent to Y18.2bn.

Sales to the radiographic market were raised 13.2 per cent to Y17.96bn, to the graphic arts market 9 per cent to Y20.9bn, and to the microcopying market 5.4 per cent to Y3.9bn. In the case of magnetic tape, there was a sales gain of 21.1 per cent, at Y6.9bn, while sales of non-carbon paper increased 23.9 per cent to Y8.75bn.

Sales to the motion picture market, however, fell 17.1 per cent to Y5.9bn.

Exports rose 5.2 per cent to Y39.95bn. Although exports to North America fell by 5.9 per cent to Y13.03bn, those to Europe rose 13.7 per cent to Y13.5bn, and those to southeast Asia 8.3 per cent to Y7.44bn.

AP-DJ

Corco earnings recovery

By Our Financial Staff

COMMONWEALTH Oil Refining Company (Corco), currently the subject of a bid for a controlling stake by an Arabian investment group, produced a net profit of $7.3m during the second quarter, a sharp turnround from the $2.6m loss of the same period last year.

At the per share level, earnings totalled 46 cents against a 20 cent loss, with sales up to $252m from $196m.

The financial troubles of Corco sent it into the arms of the bankruptcy laws earlier this year. For the whole of the first half, the company was still in the red, although the net loss was down sharply from $9.68m to $5.34m, with losses per share of 41 cents against 70 cents.

Both sets of figures for the current year include $6.2m partial recovery under business interruption insurance, $1.2m from the sale of the Baltimore terminal and entitlement adjustments of $1.2m.

They do not take in extraordinary credits of 17 cents a share against 2 cents during the 1977 quarter and 7 cents in the first six months.

Offering a solution to Corco's problems, Arabian Scooil Corporation headed by Mr. Roger Tamraz, proposed a deal on Thursday which would give it a controlling stake.

COMMODITIES/Review of the week

Strong rally in coffee prices

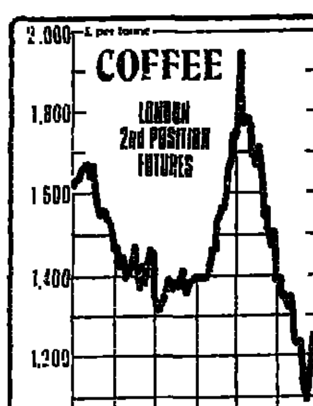
BY OUR COMMODITIES STAFF

COFFEE PRICES staged a dramatic recovery on the London futures market this week after falling to their lowest levels for more than two years at one stage.

A continuation of the recent fall took the September position below £1,100 a tonne before renewed buying lifted the price to £1,256 a tonne—up £120.5 on the week.

The early fall was encouraged by news that Mexico had reduced its minimum export price indications, dealers assumed, some eagerness to sell. But the Mexican Coffee Institute later announced that it had suspended export registrations.

This news was linked with reports of plans to organise a market withdrawal by some Latin American producers because of unremunerative prices.



The long decline in world sugar prices was halted this week after the London daily price had fallen to £81—its lowest level for nearly six years.

Dealers said that the fall, which they attributed to concern over excessive supplies, appeared to have been overdone.

The announcement of a spate of buying tenders over the next few weeks encouraged a steadier tone which lifted the LDP to £85 a tonne, up £0.5 on the week.

The EEC Commission resumed its weekly export tenders on Wednesday with the authorisation of sales totalling 31,250 tonnes of white sugar with a maximum export rebate of 26.305 units of account per 100 kilos.

This system of subsidised exports came under fire from the U.S. this week when a 10.8 cents a pound countervailing duty on EEC imports was imposed. The U.S. is a very minor outlet for EEC sugar, however, and the move has caused little concern.

Cocoa futures prices moved sharply higher yesterday afternoon, with the September position breaking through the £40 permissible limit at one stage.

September cocoa climbed to £1,790 a tonne before profit-taking trimmed this to £1,774.5 at the close—up £31 on the day and £24 on the week.

Dealers saw the rise as a reaction against the six-day fall which began late last week and wiped more than £40 off the September price. Fundamental news was conspicuous by its absence and it took only modest pre-weekend buying yesterday to reverse the trend.

Copper prices rose steadily on the London Metal Exchange during the week. Cash wirebars closed at £723.5 a tonne last night — £19.5 up an a week ago.

The rise was attributed mainly to buying interest generated by the fall in the value of the U.S. dollar, especially from Japan. The market was also encouraged by a general increase in U.S. domestic prices

It was reported from New York that Anaconda is to follow Kennecott's example and switch to New York "free" market quotations as the basis for its prices instead of using the producer price system.

Meanwhile the U.S. International Trade Commission confirmed that it would take a vote on August 3 to decide whether or not to back producers' claims for a curb on imports of copper into the U.S.

LME warehouse stocks are expected to decline again. There are hopes though, that some of the Zambian copper held up by congestion at the port of Dar es Salaam will be cleared soon.

Delays on the Tazara railway, which carries copper from Zambia to Dar-es-Salaam, still continue however.

Fears of a squeeze on tin supplies reaching LME warehouses in Europe during August, because of shipping delays, boosted the cash tin price, which last night closed £100 up at £6,525 a tonne.

However, the U.S. Bill to authorise stockpile tin releases made further progress in Congress this week and after being endorsed by the rules committee is due to be considered on the floor of the Senate on Wednesday.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Metals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wheat No. 1 Red Spring	£92	+0.25	£80.25	£98.5	£88.5

MARKET REPORTS

BASE METALS

COPPER—Little changed on balance, although the price opened strongly on the London Metal Exchange following New York overnight. Japanese buying took forward metal from £731 to £724, but profit-taking [illegible] currency [illegible] the Kerb [illegible] week [illegible] tonnes.

SILVER

Silver was fixed 6.9p an ounce higher for spot delivery in the London bullion market yesterday at 292.6p. U.S. cent equivalents of the fixing levels were: spot 550.8c, up 14.4c; three-month 571.0c, up 14.9c; six-month 580.9c, up 15.7c; and 12-month 606.0c, up 14.2c. The metal opened at 289½-290½p and moved up in line with gold to close at 292-293p [illegible]

COCOA

COFFEE

RUBBER

SOYABEAN MEAL

SUGAR

GRAINS

Maize: U.S./French, July £103, Aug. £98.50, Sept. £100.00, transhipment East Coast sellers. South African White, Aug. £89, Liverpool/Glasgow. South African Yellow, Aug. £89, Liverpool/Glasgow, sellers.

HGCA—Ex-farm spot prices for July 28 Feed barley: Lancashire £82.10.

UK monetary co-efficient for Monday will decrease to 1.343. On Tuesday, August 1, it will fall to 1.241.

EEC DAILY IMPORT LEVIES and [illegible]

COTTON

MEAT/VEGETABLES

WOOL FUTURES

LONDON—Dull and featureless, Bache reported.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
July	228.0-38.0	......	—
October	235.0-41.0	......	—

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Copper falls —precious metals up

NEW YORK, July 28.

PRECIOUS METALS remained steady on Commission House buying following the rise of 0.9 per cent in the consumer price index. Copper eased in mixed selling on reports that a stockpile Bill would go before the Senate on August 1. Coffee finished limit-up on trade buying, following good business and lack of selling by producers.

Cocoa—Sept. 150.95 (147.25), Dec. 146.10 (142.55), March 142.35, May 139.55, July 137.50, Sept. 135.90, Dec. 134.20. Sales: 680 lots.

Coffee—"C" Contract: Sept. 124.25-124.50 (121.49), Dec. 116.00 bid (110.00), March 111.75, May 109.50, July 108.37 bid, Sept. 107.95, Dec. 106.00 nom. Sales: 790 lots.

Copper—Aug. 62.75 (63.35), Sept. 63.35 (63.95), Oct. 63.95, Dec. 65.20, Jan. 65.80, March 66.90, May 67.95, July 69.00, Sept. 70.00, Dec. 71.55, Jan. 72.10, March 73.15, May 74.15. Sales: 6,000 lots.

Cotton—No. 2: Oct. 61.60-61.70 (59.98), Dec. 63.30-63.50 (61.91), March 65.20, May 66.15-66.25, July 67.00-67.10, Oct. 64.80, Dec. 65.30. Sales: 7,650 bales.

*Gold—Aug. 200.60 (198.20), Sept. 202.00 (199.80), Oct. 203.70, Dec. 206.90, Feb. 210.20, April 213.50, June 216.90, Aug. 220.30, Oct. 223.80, Dec. 227.30, Feb. 230.80, April 234.30, June 237.80. Sales: 20,000 lots.

†Lard—Chicago loose 22.50 (same). NY prime steam 24.00 traded (same).

†Maize—Sept. 225-227½ (226½), Dec. 234½-235½ (234½), March 243½-243½, May 248½, July 250½, Sept. 251½ bid.

§Platinum—Oct. 264.00 (263.60), Jan. 269.00-269.40 (268.00), April 273.80-274.00, July 278.50, Oct. 282.80-283.10, Jan. 287.60-287.80. Sales: 2,189 lots.

Mullard plans £24m TV tubes expansion

BY JOHN LLOYD

MULLARD, the subsidiary of the Dutch company Philips and the UK's only surviving colour television tubes manufacturer, is to invest £24m over the next three years, mainly in the production of 20-in and 22-in colour tubes.

The Government is to provide a £4.5m grant for the investment under Section 7 of the Industry Act, 1972.

Announcing this yesterday, Mr. Alan Williams, a Department of Industry Minister, said the Government was pledged to help TV set makers increase their use of UK made 22-in tubes from about 50 per cent at present to 75 per cent by 1980.

The bulk of the investment—£13.1m—will be at Mullard's Simonstone, Lancashire, plant, where a production line will be set up to manufacture 20-in 90-degree tubes for the first time.

A further £7.8m will be spent at the company's Durham plant on modernising the 22-in manufacturing facilities.

At Washington, Tyne and Wear, where components for the neck of the tube are made, some £2.4m will be invested, and £900,000 will be spent at Crossens, Lancashire, where the magnetic components are made.

The investment in the 22-inch and 20-inch tubes is designed to meet what is seen to be a growing demand in Europe for tube sizes below 26 inches.

It is also designed to bring Mullard's share of the UK colour tube market up to the 75 per cent target set by Government.

No new jobs are expected from the investment. Mullard employs 4,000 people, and the company said that the investment—to be known as Project Vanguard—will increase their job security.

Mr. Williams said yesterday that the Government supported Radio Council last year to increase the use of British-made components on British-made sets.

The initiative was taken at a time when Hitachi, the Japanese TV and electronics company, was attempting to begin colour TV production in the UK. The plan foundered on concerted opposition from British trade unions and TV companies, including Mullard.

APPOINTMENTS

Chairman change at John Brown

Mr. John Mayhew-Sanders has been made chairman of JOHN BROWN AND CO in addition to his position as chief executive. Lord Aberconway has retired from the chairmanship but remains on the Board and becomes the company's first president. Sir Eric Mensforth has relinquished the deputy chairmanship and continues as a director.

★

Mr. G. V. Maund, marketing director, ROCKWARE GLASS, has been appointed personnel director. Mr. R. MacDonald Bailey, operations director, Rockware, Wheatley, has become marketing director in succession to Mr. Maund. Both appointments take effect from October 1.

★

Mr. Bryan Jefferson, of Jefferson Sheard and Partners, has been elected senior vice-president of the ROYAL INSTITUTE OF BRITISH ARCHITECTS. Mr. Gordon Graham continues as president for the 1978-79 session.

★

Mr. Rod Rufus, airport manager for Coventry District Council, has been appointed to the post of director of the LIVERPOOL MUNICIPAL AIRPORT at a commencing salary of £11,200.

★

ALFRED HERBERT has appointed Mr. P. L. Chapman finance director. He succeeds Mr. D. M. Davies, recently appointed managing director of the machine tool division.

★

Mr. R. Atkinson, chairman of Aurora Holdings, has taken over the chairmanship of SAMUEL OSBORN AND CO. and its subsidiaries following the acquisition by Aurora.

★

Mr. Lawson Tolley has been appointed managing director of PAKAMAC which now becomes the leisure wear company of Clares Holdings within the Black and Edgington Group. Mr. Michael Smith has been made commercial director of member company Clares Carlton. Mr. Michael Head has joined Clares Carlton as general sales manager from Kleber Tyres.

★

Mr. R. F. Earl has been elected deputy vice-president of the NATIONAL TYRE DISTRIBUTORS' ASSOCIATION. He is managing director of the Central Tyre Company, based at Dunstable.

★

Mr. John B. Price and Mr. David T. Hulse have been appointed directors of LEIGH AND SILLAVAN.

★

Mr. Lionel P. Altman has been re-elected a director of EMRAY and has been made managing director.

★

Mr. Frank Newman has been appointed honorary chairman of the BRITISH WOODWORKING FEDERATION WINDOWS SECTION. He is managing and works director of Magnet Northern.

★

Mr. Stuart Wilson has been appointed head brewer and a director of LORIMER'S BREWERIES.

★

Mr. Hugh R. Snyder has been elected president, chief executive officer and a director of BRINCO from October 1. Mr. Graeme A. Elliot, recently elected president and chief executive officer to serve on an interim basis, will continue in that position until the beginning of October.

★

Sir Alex Alexander, chairman of Imperial Foods and director of Imperial Group, will join the board of MARCHWIEL on August 1 as a non-executive director.

★

Mr. Mark Radcliffe has been made managing director of TI METSEC following the appointment of Mr. John C. Johnson to the position of TI engineering divisions directors of supplies.

★

Mr. Michael J. Cole has been appointed sales director of ENVIRONMENTAL EMISSION CONTROL.

★

Mr. Geoffrey Cuttriss has been appointed contracts director and Mr. Peter Ryder, sales manager, of PERCY LANE (ARCHITECTURAL) a subsidiary of Percy Lane Group.

TV RATINGS W/E July 16

UK Top 20 (viewers m)

1. The Incredible Hulk (ITV)	13.20
2. London Night Out (Thames)	12.70
3. That's Life (BBC)	12.65
4. Crossroads (Thurs.) (ATV)	12.10
5. Life Begins at Forty (Yorks.)	11.75
6. Coronation Street (Wed.) (Gran.)	11.65
7. The Salzburg Connection (ITV)	11.60
8. Crossroads (Wed) (ATV)	11.20
8. Crossroads (Fri.) (ATV)	11.20
10. Coronation Street (Mon.) (Gran.)	11.10
10. Leave it to Charlie (Gran.)	11.10
10. The Krypton Factor (Gran.)	11.10
13 Crossroads (Tues.) (ATV)	11.00
14. Night Chase (BBC)	10.95
15. Cabaret Showtime (BBC)	10.50
16. Don't Ask Me (Yorks.)	10.25
17. Seaside Special (BBC)	10.20
18. You're Only Young Twice (Yorks.)	10.10
19. Survival (Anglia)	10.05
20. Spearhead (Southern)	9.70

Figures compiled by Audits of Great Britain for the Joint Industrial Committee for Television Advertising Research (JICTAR).

U.S. Top Ten (Neilson ratings)

1. One Day at a Time (comedy) CBS	23.2
2. Mash (comedy) CBS	22.7
3. All in the Family (comedy) CBS	22.2
4. Lou Grant (drama) CBS	21.4
5. Switch (drama) CBS	20.0
6. Quincy (drama) NBC	19.6
7. Three's Company (comedy) ABC	19.0
8. Starsky and Hutch (drama) ABC	18.2
9. CBS Tuesday Movies (film)	17.0
10. Rockford Files (drama) NBC	17.6

A Neilson rating is not a numerical total.

SINGAPORE STOCK EXCHANGE

July 22	$	July 28	$
Industrials		StraitsTrad'g	6.65
Bovi-	0.68	Times Pub. Berhad	3.12
Boustead Co.	1.83	U. Engineers	1.57
BousteadBhd.	2.65	U. Ov's Bk.	5.38
Dunlop	14.20	Wearnes	3.54
Esso	3.54	Tractors	4.58
Fraser Neave	5.35	Chemical	4.60
Haw Par	1.65	Wilim Jacks	1.37
Hume Ind.	1.82	**Rubbers**	
Inchcape	2.0	Batu Lintang	1.03
Malay Brew.	5.75	Dunlop Estate	4.42
Malay Cent.	3.66	Kempas	3.42
Met. Box Singl	2.62		
OCS Chm. Bk	7.35		
Pan Electric	1.93		
Robinson Co.	20.6	**Tins**	
Rothmans	4.80	Austral. Am.	5.75
Shell	2.78	Berjuntai	4.80
Sime Darby	3.22	Kamper	15.26
Cold Storage	3.35	Kuchai	—
Straits Steam	2.42	Lower Perak	—
Straits Times (1975) Ltd.	6.75	Petaling Tin	6.52
		SupremeCp.	2.17
		TongkahHar.	12.30

Borrowing from major commercial banks by entities in selected countries.

END-1977 $bn

Entities in:	Borrowing	of which maturing 1978 $bn	of which maturing 1978 % of total	Unused credit facilities	Net borrowing*
Brazil	25.0	7.9	31.5	5.2	18.4
Chile	1.6	1.0	60.7	0.9	0.7
Cuba	1.6	1.1	65.9	0.1	1.3
Korea (S.)	5.2	2.9	55.0	2.4	2.3
Mexico	29.3	8.3	41.0	2.9	14.3
Peru	3.4	1.6	47.7	0.5	2.8
Poland	8.8	3.3	37.9	3.1	8.4
Portugal	1.7	1.2	69.9	0.7	0.5
S. Africa	8.6	4.5	52.9	2.6	7.5
Spain	11.5	4.7	40.8	1.9	2.8
Sudan	0.7	0.4	57.9	0.3	0.6
Turkey	3.2	2.5	79.0	0.6	2.5
USSR	11.7	6.5	55.2	4.2	7.3

* Borrowing from major commercial banks less deposits with international banks.

Source: Bank for International Settlements

BRITISH FUNDS (783)

This week's SE dealings

Friday, July 28	5,517	Wednesday, July 26	5,168	Monday, July 24	4,932
Thursday, July 27	4,778	Tuesday, July 25	5,450	Friday, July 21	4,428

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. Φ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

York Waterworks 11pcDb. 92¼

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement.

JULY 28 (2)

Bulmer Lumb (Hldgs.) 5pcCum.Red.Pf. 34p | Utd. Overseas Land US$ 0.80

JULY 26

All England Lawn Tennis Ground £50Dbs. 1976-80 £2400
Ann Street Brewery 500p
Cedar Hldgs. 8
Clairmace 32
Dart Valley Light Railway 30
Exchem Hldgs. 31
Kenmare Oil Explrn. 35 4
Norton Villiers Triumph 4
PMPA Insurance 35
Petroleum Royalties of Ireland 200
St. Austell Brewery 5pc1stCum.Pf. 34 2
Sthrn. Newspapers 234
Stylo Barrat Shoes 7pcCum.Pf. 46
Villiers Hotel 6pcBCum.Pf. 25

JULY 25

All England Lawn Tennis Ground £50Dbs. 1981-85 (£324 pd.) £2800
Edward L. Bateman (R0.40) 200
Carr's Milling Inds. 7½pcUns.Ln. 2001-2005 £35pc
Cedar Hldgs. 15½ 15
Channel Hotels and Props. 23 2
Church Army Housing Soc. 2½pcLn. £13¼ 12½pc
Clyde Petroleum 126 2
Darling Fund (A$1) 157
GRA Prop. Tst. 14¼ ⅛ ½ ¼ 13
Harvey and Thompson 134 30
Irish Press 150
Kenmare Oil Explrn. 34
Norton Villiers Triumph 3½
PMPA Insurance 35
Petroleum Royalties of Ireland 190
Southern Newspapers 233 30
Viking Oil 120
Wynnstay Properties 335

JULY 24

All England Lawn Tennis Ground £50Dbs. 1981-85 (£324 paid) £2,600
Aran Energy 127
Cedar Hldgs. 15½. 5pcRd.Cv.Pf. (£1) 33 2
Channel Hotels Properties 2'
Darling Fund 150
Dart Valley Light Railway 30
Fuller Smith Turner A 303 300
G.R.A. Property Trust 14½ ¼ 14
Gale (G.) £65
Grendon Trust 11pcSub.Uns.Ln. 1976-81 £54pc
Kays Atlas Brewery 5pcCum.Pf. (£10) 280
Kenmare Oil Exploration 40 38 6 4
Le Riches Stores 490
Mining Invests. Corpns. 35 4½
N.M.W. Computers 169 5
New Brunswick Can. Rail 3½pcPerp.Dbs. (£20) 350 20
New Court Natural Resources 11
Stylo Barratt Shoes 7pcCum.Pf. (£1) 46
Viking Oil 120

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

JULY 27

Siebens Oil and Gas (U.K.) 410 8 398
Gas and Oil Acreage 95

JULY 26

Siebens Oil and Gas (U.K.) 400 394 2

JULY 25

Siebens Oil and Gas (U.K.) 408 6

JULY 24

Siebens Oil and Gas (U.K.) 400 398 4

JULY 21

C.C.P. North Sea 812
Gas and Oil Acreage 93
Siebens (U.K.) 401 400 398 6 5 4 2

ERRATA

Ciba Geigy 5pc £'sCnv. should have been marked £89 ½0 ½0 (27/7)

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	11	½-year	250	5-7
Knowsley (051 548 6555)	11½	½-year	1,000	5-7
Poole (02013 5151)	10¾	½-year	500	5
Poole (02013 5151)	11½	½-year	500	6-7
Redbridge (01-478 3020)	11¼	½-year	200	5-7
Thurrock (0375 5122)	11½	½-year	300	4
Thurrock (0375 5122)	11	½-year	300	3

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts	Sub'pn Shares	*Term Shares
Abbey National	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Aid to Thrift	7.00%	7.50%	—	—
Alliance	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 1 yr.
Anglia Hastings & Thanet	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., 6.95% 1 yr.
Birmingham Incorp.	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 1 yr.
Bradford and Bingley	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £200
Bridgewater	6.45%	6.70%	8.50%	7.90% 2½ yrs., 7.45% 2 yrs.
Bristol and West	6.45%	6.70%	7.95%	—
Bristol Economic	6.45%	6.70%	7.95%	6.95% 3 months' notice
Britannia	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £500
Burnley	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Cardiff	6.45%	7.25%	8.25%	—
Catholic	6.00%	6.80%	7.50%	— effective from September 1, 1978
Chelsea	6.45%	6.70%	7.95%	7.45% min. £500 6 months' notice
Cheltenham & Gloucester	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs. (£500-£15,000)
Citizens Regency	6.45%	7.05%	8.25%	8.50% 3 yrs., min. £5,000
City of London	6.70%	7.00%	7.95%	7.92% 3 yrs. increment share—min. £500
Coventry Economic	6.45%	6.70%	7.95%	7.70% 3 yrs. min., 7.20% 3 mths.' notice
Coventry Provident	6.45%	6.70%	8.70%	7.95% 3 yrs., 6.95% 2 yrs.
Derbyshire	6.45%	6.70%	7.20%	— up to 7.2% 3 months' notice
Gateway	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs., min.£500-£15,000
Guardian	6.45%	6.95%	7.20%	7.65% 3 months' notice, £1,000 min.
Halifax	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Heart of England	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 3 months' notice
Hearts of Oak & Enfield	6.45%	6.95%	8.45%	8.20% 4 yrs., 7.95% 3 yrs., 7.70% 2 yrs.
Hendon	6.70%	7.20%	—	7.70% 6 months
Huddersfield & Bradford	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Leamington Spa	6.55%	6.80%	8.95%	7.55% 2 yrs., 8.25% 1 yr.
Leeds Permanent	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £1,000
Leicester	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 6 mths.
Liverpool	6.45%	6.70%	8.15%	7.80% 3 yrs., 7.30% 2 yrs., min. £1,000
London Goldhawk	6.45%	6.95%	8.20%	—
Melton Mowbray	6.55%	6.80%	7.95%	7.55% 2 yrs., min. £2,000
Midshires	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £250
Mornington	6.50%	7.50%	—	—
National Counties	6.70%	7.00%	8.00%	7.45% 3 months, min. £1,000
Nationwide	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., min. £500
Newcastle Permanent	6.45%	6.70%	8.00%	8.00% 3 yrs., 7.70% 2 yrs.
New Cross	7.25%	7.50%	—	—
Northern Rock	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £100
Norwich	6.45%	6.70%	8.20%	7.70% 3 yrs., 7.45% 2 yrs., min. £500
Paisley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Peckham Mutual	6.75%	7.25%	—	—
Portman	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.45% ½-yrly., 6.95% 3 mths.
Principality Building Society	6.45%	6.70%	7.95%	7.20% 2 yrs., minimum £500
Progressive	6.70%	6.95%	7.95%	7.95% 3yrs., 7.70% 2yrs., 7.45% 3mths.not.
Property Owners	6.45%	7.20%	8.45%	7.65% 3 mths. not., 5.70% to limited cos.
Provincial	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs.
Skipton	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs., 6.95% 3mths.not.
Sussex Mutual	6.45%	7.00%	8.75%	8.05% 3 yrs., 7.75% 2 yrs., 7.50% 1 yr.
Town and Country	6.45%	6.70%	♣10.00%	7.70% 3 yrs., 7.20% 2 yrs. ♣Max. £250
Woolwich	6.45%	6.70%	7.95%	7.20% 2 yrs., 7.70% 3 yrs.

*Rates normally variable in line with changes in ordinary share rates.

Currency, Money and Gold Markets

UK MONEY MARKET

Fall in bill rate

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The Treasury bill rate fell by 0.1294 per cent to 9.1136 per cent at yesterday's tender, and under the old market related formula, this would have indicated a minimum lending rate of 9¾ per cent compared with the present 10 per cent. The minimum accepted bid was £97.72½ compared with £97.69½ the previous week and bids at that level were met as to about 79 per cent against 93 per cent. The £300m bills tendered and allotted attracted bids of £684.17m and all bills offered were allotted. Next week £400m will be on offer replacing maturities of £500m.

Day to day credit was in short supply in the London money market and the authorities gave assistance by lending an extremely large amount to 7 or 8 houses at MLR for repayment on Monday. This certainly appeared to be at least slightly overdone and discount houses were paying around 9½ per cent for secured call loans during the latter part of the day.

The market was faced with a substantial net take-up of Treasury bills and a modest increase in the note circulation. There was also the repayment of Wednesday's small advances. On the other hand, banks brought forward balances slightly above target.

In the interbank market overnight loans opened at 10⅝-10¾ per cent and reached 10¾-11 per cent on the forecast of a shortage. During the afternoon, rates tended to fluctuate between 9 per cent and 11 per cent before easing a little at the close to 9½ per cent.

EXCHANGES AND GOLD

Gold rose $7½ an ounce, in yesterday's London bullion market, to close at an all time high of $201½-202. The previous best closing level was reached in December, 1974 when it finished at $195.50. The metal opened at $197¾-198¾ and at one point touched $201¾-202¾. The morning's rise followed on gold's stronger performance in New York on Thursday and bullish sentiment was continued with the opening of U.S. centres yesterday. The dollar's continued weakness appeared to be the main contributing factor for the record levels attained and prompted a strong movement into gold.

The U.S. dollar was weak in terms of most currencies with considerable selling from U.S. centres. In terms of the Swiss franc it fell to an all time low of SwFr 1.7470 and finished at a record close of SwFr 1.7525 from SwFr 1.7925 on Thursday. Similarly the Japanese yen improved in dollar terms to Y190.30, another best closing level, from Y193.60 previously and after touching Y189.80 at one point. The West German mark was also firmer at DM 2.0417½ against DM 2.0565.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 8.9 per cent its worst level since March, 1975 and compared with 8.6 per cent on Thursday.

Sterling was firmer in general and after opening at $1.8990-1.9110, it touched $1.9305-1.9315 before closing at $1.9245-1.9255, a rise of 1.75c. Using Bank of England figures, the pound's trade weighted index rose to 62.5 from 62.2 previously, having stood at 62.3 at noon and early dealings.

THE POUND SPOT

July 28	Bank rates %	Day's Spread	Close
U.S. $	7¼	1.900 1.9315	1.9245 1.9255
Canadian $	9	2.1650-2.1830	2.1750-2.1780
Guilder	4½	4.23½-4.27½	4.24½-4.26½
Belgian Fr.	6	61.70-62.05	61.90 62.01
Danish Kr.	8	10.67-10.71	10.68½ 10.70½
D-Mark	3	3.91½-3.94½	3.92½-3.93½
Port. Esc.	16	86.75-88.50	87.75 88.25
Span. Pes.	8	147.50-149.40	148.25 148.35
Lira	11½	1,613 1,624	1,622½ 1,623½
Norwgn. Kr.	7	10.31-10.37	10.34½ 10.35½
French Fr.	9½	8.40-8.45	8.41½-8.42½
Swedish Kr.	6½	8.64-8.71	8.69½ 8.70½
Yen	3½	357-373	366½ 66½
Austria Sch.	4½	28.25-28.40	28.35 28.40
Swiss Fr.	1	3.36-3.42	3.36½-3.37½

Belgian rate is for convertible francs. Financial franc 63.10-63.20.

OTHER MARKETS

July 28	£	$		£ Note Rates
Argentina Peso	1,548 1,552	804.15 806 23	Austria	27¾-28¾
Australia Dollar	1 6605 1 6675	0.8647 0.8658	Belgium	62-63½
Finland Markka	8.0650-8.0850	4.1810 4.1830	Denmark	10.60-10.75
Brazil Cruzeiro	34.80 35.80	18 08 19.60	France	8.35-8.50
Greece Drachma	69.220-70.923	35.96 36 84	Germany	3.85 4.00
Hong Kong Dollar	8.98 9.01	4.6540 4.6560	Italy	1590-1620
Iran Rial	131-137	68.05-71.17	Japan	360-370
Kuwait Dinar (KD)	0.515 0 525	0.2675-0.2727	Netherlands	4.15-4.30
Luxembourg Franc	61 90-62.00	32.16-32.19	Norway	10.25-10.40
Malaysia Dollar	4.50 4.52	2.3360-2.3380	Portugal	83-90
New Zealand Dollar	1.8315-1.8385	0.9537-0.9560	Spain	145½-149
Saudi Arabia Riyal	6.46 6.56	3 35-3.41	Switzerland	3.35-3.50
Singapore Dollar	4.38¼ 4 40¼	2.2765 2.2775	United States	1.9150-1.9350
South African Rand	1.6545 1.6716	0.8595-0.8685	Yugoslavia	35-37

Rate given for Argentina is free rate.

LONDON MONEY RATES

July 28 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	9-11	—	—	—	10¼-10½	9⅛-10	—	—	—
2 days notice	—	—	10¾-11	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10⅝-10⅞	—	—	—	—
7 days notice	—	10⅝ 10⅞	10¾	—	10¾	—	9½-9¾	—	—	—
One month	10 1/16-9⅞	[illegible]	10⅜ 10⅝	11-10¾	10⅞	10½-10 [illegible]	9⅝	9⅛ 9 [illegible]	[illegible]	10⅜
Two months	10 1/16-9⅞	10⅛-10¼	—	10-9½	10¾	—	9⅝	[illegible]	9 [illegible]-9¾	10¼
Three months	9 [illegible]-9 [illegible]	[illegible]	10 [illegible]-10 [illegible]	10-9⅞	10⅝	10⅜-10½	9¼	9⅛-9 [illegible]	[illegible]	10⅛
Six months	10-9⅞	10 [illegible]-10⅛	10⅛ 10¼	9¾-9	10⅛-10⅝	—	—	—	9⅝-9 [illegible]	10⅛
Nine months	10-9⅞	10 [illegible]-10⅛	—	10 9¾	10¾	—	—	—	—	—
One year	10-9⅞	10 [illegible]-10⅛	10¼-10⅜	10-9⅝	10⅝	—	—	—	—	—
Two years	—	—	10⅞ 11	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 11¾-12 per cent; five years 11⅞-12 per cent. Φ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9 21/32-9 11/16 per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9-9 1/16 per cent; two-month 9 1/32-9 1/16 per cent; and three-month 9 1/16 per cent. Approximate selling rate for one-month bank bills 9 11/16-9 15/16 per cent; and two-month 9 9/16-9½ per cent; and three-month 9½-9 15/32 per cent. One-month trade bills 10½ per cent; two-month 10¼ per cent; and also three-month 10 per cent.

Finance House Base Rates (published by the Finance Houses Association): 10 per cent from July 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6½-7 per cent. **Clearing Bank Base Rates for lending** 10 per cent. **Treasury Bills:** Average tender rates of discount 9.1136 per cent.

GOLD

	July 28	July 27
Gold Bullion (a fine ounce)		
Close	$201½ 202	$193¾-194½
Opening	$197¾ 198¾	$194½-195½
Morning fixing	$198.80	$194.70
	(£103.942)	(£102.017)
Afternoon fixing	$201.30	$194.05
	(£104.691)	(£101.714)
Gold Coins domestically		
Krugerrand	$210-212	$204-206
	(£109-110)	(£107-108)
New Sovereigns	$59½-61½	$57¼-59¼
	(£31-32)	(£30-31)
Old Sovereigns	$59 61	$56¾-58¾
	(£30½-31½)	(£29¾-30¾)
Gold Coins internationally		
Krugerrand	$207-209	$199½-201½
	(£107½-108½)	(£104½-105½)
New Sovereigns	$57½-58½	$57½-58½
	(£30 31)	(£30-31)
Old Sovereigns	$59 61	$58-60
	(£30½ 31½)	(£29½-30½)
$20 Eagles	$286-218	$278½-280½
$10 Eagles	$143 148	$140-145
$5 Eagles	$103-108	$100-105

CURRENCY MOVEMENTS

July 28	Bank of England Index	Morgan Guaranty changes %
Sterling	62.53	—40.5
U.S. dollar	84.85	— 8.9
Canadian dollar	83.59	—13.8
Austrian schilling	132.72	+17.6
Belgian franc	109.55	+11.5
Danish krone	113.94	+ 4.7
Deutsche Mark	139.78	+34.9
Swiss franc	189.66	+83.1
Guilder	119.14	+17.2
French franc	100.85	— 2.6
Lira	55.98	—46.5
Yen	154.51	+52.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES*

July 28	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	10¾-11	7½-8½	7¾-8	1½-2½	½ ¾	3⅛-3⅜	7⅛-7⅝	8-12	—	—
7 days notice	10⅞-11⅛	7½-8½	7⅞-8⅛	4-4½	¾-1	3⅛-3⅜	8-8⅛	11½-12½	7 [illegible]-8 [illegible]	—1 [illegible]-1 [illegible]
Month	10⅞-11⅛	8¼-8⅝	8 [illegible] 8 [illegible]	4¾-5	1⅛-1⅜	3⅜ 3½	8½-8¾	12-13	8⅜-8½	1⅛-1¾
Three month	10¾-11¼	8⅜-8¾	8⅜ 8⅝	5¾ 6	1¾-1⅞	3½ 3⅝	9-9¼	12¼-13¼	8⅞-9	1 [illegible]-2 [illegible]
Six month	11¼-11¾	8⅞-9¼	8 [illegible]-9 [illegible]	6⅜-6⅝	2-2⅛	3¾-3⅞	9¾-10	12¾-13¾	9-9⅛	2⅞-3⅛
One year	11⅝-11⅞	9-9⅜	9-9¼	6⅞-7⅛	2 [illegible]-2 [illegible]	4 [illegible]-4 [illegible]	10⅝-10⅞	13½-14½	9 [illegible]-9 [illegible]	3-3⅜

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.25-8.35 per cent; six months 8.70-8.80 per cent; one year 8.90-9.00 per cent.

Long-term Eurodollar deposits: two years 9 5/16-9 5/16 per cent; three years 9 5/16-9 7/16 per cent; four years 9 7/16-9 9/16 per cent; five years 9 9/16-9 11/16 per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 28/7/78

Statistics provided by data STREAM International

Name and description	Size (£m.)	Current price	Terms*	Con-version dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◇ Current
Associated Paper 9½pc Cv. 85-90	1.40	108.00	200.0	76-79	8.8	8.0	— 9.2	—10 to 2	5.1	4.5	— 0.5	+ 8.7
Bank of Ireland 10pc Cv. 91-96	8.22	187.00	47.6	77-79	5.4	2.3	— 2.6	— 8 to 1	10.9	9.5	— 0.7	+ 1.8
British Land 12pc Cv. 2002	7.71	146.00	333.3	80-97	8.4	8.0	16.8	14 to 27	0.0	93.5	74.8	+58.0
English Property 6½pc Cv. 98-03	8.07	82.00	234.0	76-79	8.1	8.4	— 5.3	—11 to 3	8.4	3.2	— 6.0	— 0.7
English Property 12pc Cv. 00-05	15.31	85.00	150.0	76-84	14.6	14.7	53.2	24 to 82	30.8	49.1	33.0	—20.2
Hanson Trust 6½pc Cv. 88-93	4.51	83.00	57.1	76-80	8.0	8.8	6.8	1 to 12	8.3	9.1	1.0	— 5.8
Hewden-Stuart 7pc Cv. 1995	0.07	240.00	564.5	75-79	2.9		—28.5	—29 to —7	9.2	3.3	— 1.7	+26.8
Pentos 15pc Cv. 1985	1.03	146.00	166.7	76-82	10.4	7.1	— 6.8	— 7 to 36	43.0	42.5	— 0.3	+ 6.5
Slough Estates 10pc Cv. 87-90	5.50	170.00	125.0	78-87	5.9	1.6	13.3	7 to 16	36.9	53.5	11.1	— 2.3
Tozer, Kemsley 8pc Cv. 1981	7.33	93.00	153.9	74-79	8.8	11.3	6.0	5 to 23	7.3	7.6	0.3	— 5.7
Wilkinson Match 10pc Cv. 83-98	11.10	89.00	40.0	76-83	11.3	11.5	24.3	24 to 40	32.5	37.4	6.9	—17.4

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. — is an indication of relative dearness.

STOCK EXCHANGE REPORT

Equities extend rise with accent on growth stocks

Golds strong on record bullion price—Gilts react late

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The advance in industrial markets broadened yesterday, taking in many secondary issues and particularly those thought to possess potential for future profits growth following Thursday's vote passing the Government's Bill on dividend control.

Impressive as equities looked though, they were upstaged by South African Gold shares which, responding to the bullion price which jumped $7½ to its highest-ever level of $201⅝ per ounce, went ahead strongly to leave the FT Gold Mines index at over a two-year peak.

Gilt-edged securities were not neglected and forged gradually higher. But the gains, extending to ⅜, were surrendered after the official close of business owing to the announcement of a new long tap stock Exchequer 12 per cent 1999-2002; £800m of this is to be issued at 96, with £15 payable on application next Wednesday.

Although bettering the previous day's volume, trade in leading industrials was hampered by a continuing stock shortage and for this reason buyers turned their attention to stocks recommended in an investment advice for their growth potential. Principal beneficiaries with sharp rises of between 9p and 28p were Watshams, Vinten Group, Ricardo and Co. and Victor Products.

Midland confounded the banking sector, after Barclays' pleasant surprise on Thursday, producing half-yearly results at the lower end of expectations and slightly more disappointing than both the recent Lloyds and NatWest figures.

The three main FT-Actuaries indices all moved a little nearer their all-time peaks, while the FT Industrial Ordinary share index gained 3.3 further to 492.1; the last-named has risen 36.5 in the last three weeks and stands at its highest since January 6 last.

Hopes that a new long tap would not be announced were doused in British Funds by the 3.30 p.m. announcement of £800m Exchequer 12 per cent 1999-2002 issue. When dealings resumed after the usual recess to consider the implications of the terms of the issue, quotations were reactionary and the longs reverted to overnight list levels after having been some ¼ higher just before the official close. A similar tendency developed in the shorts, earlier encouraged by both sterling and this week's Treasury bill rate trend, but small gains were still evident late in the evening.

Conditions became less volatile in the investment currency market, but the course of sterling exerted downward pressure on the premium. After falling to 98¼ and rallying to 100¼ per cent, the rate closed unchanged on balance at 99¼ per cent. Yesterday's SE conversion factor was 0.6763 (0.6838).

Activity in Cons. Gold positions featured dealings in Traded Options yesterday. The price of the underlying equity rose 8 to 193p in sympathy with the jump in the Gold bullion price and helped bring about a brisk option trade: 167 contracts were done and the October 160 series rose 8 to 40p, while the October 180 added 5 to 22p. The overall total of 704 was 300 more than the previous day's.

Recent newcomer Ernest Jones (Jewellers) encountered small buying and improved 2 to 140p for a premium of 25 on the issue price of 115p.

Midland dull

First-half profits from Midland which fell far short of expectations concluded what has proved to be a disappointing interim dividend season for the big four clearers. Midland closed 13 down at 352p, after 350p, while NatWest lost 5 to 270p and the Warrants cheapened 3 to 94p. Barclays, which had earlier touched 346p following comment on the interim results, finished unaltered at 342p. Elsewhere, however, Grindlays continued to improve on the better-than-expected half-yearly profits and put on 4 more to 133p, making a rise on the week of 15. Discounts edged higher, with Allen Harvey and Ross improving 10 to 320p and Jessel Toynbee adding 4 at 62p.

The cash and shares offer from Comben, currently worth 56p per share, for Orme Developments prompted increased activity in the housebuilding sector; Orme progressed 1½ more to 57½ on hopes of a rival bid, possibly from Saint Piran which recently acquired a 22 per cent stake. Barratt Developments were sought after following a Press mention and added 6 to 113p after 114p, while M. P. Kent held a sympathetic improvement of a penny at 39p. Speculative country buying was partially responsible for a rise of 6 to 184p in Ibstock Johnsen while Tunnel B and BPB improved 4 to 302p and 8 to 246p respectively. Comment on Thursday's results lifted Redland 3 to 155p for a gain of 9 since the announcement.

Early buying of ICI tailed off and, after 395p, the close was unchanged at 391p.

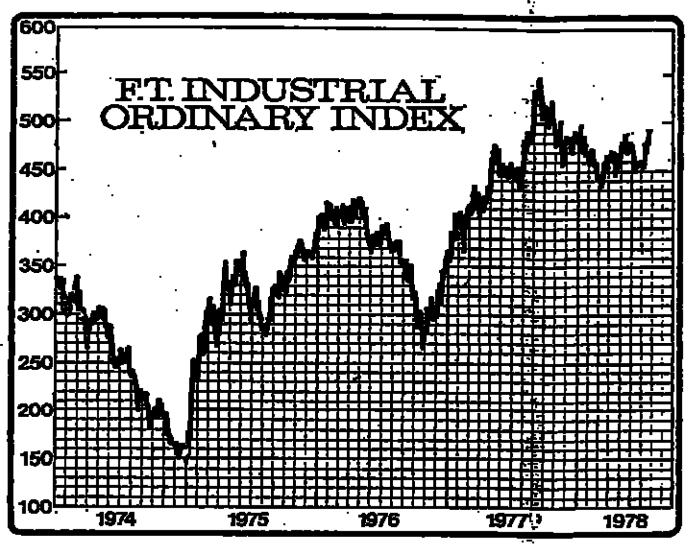
Bourne up again

Stores again attracted good support and closed with widespread gains. Speculative buying in anticipation of early news of the bid discussions helped Bourne and Hollingsworth advance 15 more to 212p, taking its rise on the week to 97. Bid hopes also brought fresh gains of 5 and 30 respectively to Grant Bros., 97p, and Fortnum and Mason, 750p, while John Michael jumped 7 to 20p for a similar reason. I. J. Dewhirst improved 2 to 66½p with the help of Press comment and Steinberg hardened a penny to 17½p in response to the doubled annual earnings. Gussies A stood out among the leaders with a gain of 8 to 312p, after 314p, while Combined English closed a similar amount dearer at 116p. British Home put on 5 to 197p and renewed speculative buying fuelled by persistent take-over suggestions helped Burton issues advance further, the Ordinary by 2 more to 150p and the A by 4 to 140p for respective gains on the week of 28 and 22.

Electricals made another firm showing. Electronic Rentals rose 5 to 135p on the chairman's statement at the annual meeting, while Telephone Rentals showed a sympathetic rise of 8 to 150p.

Engineering leaders contributed to the firm trend. Tubes closed 8 to the good at 384p and GKN 7 up at 280p. A Press article highlighting the groups' growth potential directed buyers' attention to Ricardo, 206p, and Victor Products, 155p, and prompted respective gains of 16 and 9, while comment ahead of forthcoming results helped recent speculative favourite M.L. Holdings rise 7 more to 155p. Still reflecting Thursday's announcement that Mr. Oliver Jessel's small public concern Clairmace is to acquire a 29.4 per cent shareholding, Charles Clifford Industries hardened 2 more to 112p, for a two-day gain of 12. Davy International rallied 6 to 262p and improvements of around 4 were recorded in Babcok and Wilcox, 137p, GEI International, 99p, and London and Midland Industrials, 91p. By way of contrast, General Engineering (Radcliffe) had a late relapse of 6 to a 1978 low of 12p in reaction to the annual deficit and the omission of a final dividend.

Retailers made the running in firm Foods. J. Sainsbury stood out at 226p, up 9, while Kwik Save Discount, 83p, and Bishops's Stores, 155p, put on 4 and 5 respectively. Tesco continued firmly, closing a shade better at a 1978 peak of 49p, following the chairman's encouraging statement on prospects. Hillards, however, lost 5 to 214p for a two-day reaction of 12 on the disappointing results. Fitch Lovell, at 63p, gave up half of the previous day's rise of 6 which followed the preliminary results and property revaluation.



Vinten good

Miscellaneous Industrials ended the week strongly with double-figure gains commonplace. Watshams jumped 28 to 253p and Vinten advanced 23 to 173p on a Press report which highlighted their earnings growth potential, while speculative buying lifted Kennedy Smale 13 to 47p. Reflecting the company's gold refining interests, Johnson Matthey improved 10 to 455p and Carlton Industries added 9 to 216p on the encouraging first-quarter figures. Halma advanced 6 to 80p on an investment recommendation and rises of round 9 were seen in Diploma Investments, 190p, Hunting Associates, 267p, Sale Tilney, 275p and Sutcliffe Speakman, 67p. Further consideration of the return to profitability helped Denbyware appreciate 5 more to 97p.

Staflex International closed unaltered at 9p; news of the annual loss and final dividend omission came after market hours.

Among the leaders, Pilkington rose 20 more to 585p, ahead of next month's 100 per cent scrip issue. Reed International improved 5 to 147p following the Reed Nampak deal with Barlow Rand, 5 dearer at 222p. Metal Box added 6 to 346p and Bowater improved 4 more to 194p; sentiment in the latter was buoyed by a broker's circular.

Although Motors and Distributors attracted a reasonable business, price movements at the close were small. Flight Refuelling, however, advanced 6 to 183p as bid rumours revived. Gains of 3 were seen in Hartwells, 101p, and Appleyard, 105p, while Jonas Woodhead closed a like amount up at 90p on the optimistic tenor of the chairman's statement at the annual meeting. Lucas Industries finished 5 to the good at 318p.

Newspaper issues to make noteworthy progress included News International, 10 to the good at 278p, and Daily Mail A, 9 higher at 342p. United improved 6 to 350p, while Thomson, on further consideration of the reorganisation proposals, added a similar amount to 282p. Pearson Longman put on 8 more to 260p, a rise of 64 since returning from suspension following details of the S. Pearson bid for the minority. Speculative interest in a thin market lifted Collet Dickinson 6 to 67p.

Properties progressed further helped by suggestions of an early modest cut in Minimum Lending Rate. In a good all-round turnover, Land Securities, 227p, and MEPC, 134p, added 3 apiece, while Stock Conversion firmed 4 to 266p. Secondary issues attracted a significantly larger proportion of buying interest. Haslemere, 575p, and Property and Reversionary A, 305p, displayed gains of 10, while Great Portland, 310p, added 8. Others supported included Brixton Estate and Berkeley Hambro, both 6 better at 109p and 122p respectively, with Imry 7 higher at 330p. Gains of 5 were recorded in United Real, 260p, and Estates Property Investment, 101p, while, in late dealings, Intereuropean improved 3 to 34p.

British Petroleum became a more active market and traded between extremes of 864p and 854p before settling 4 lower on balance at 856p, while Shell, in a reasonably matched trade, finished unchanged on the day at 562p. Burmah eased 3 to 68p, after 67p, on vague rumours about the company's appeal for the release of documents relating to its transfer of its holding of BP shares to the Bank of England. Elsewhere, companies associated with BP in the important oil discovery close to the Buchan Field made considerable progress. CCP North Sea rose 2¼ points to £10¼ and Charterhall 2¼ to 25¼p, while Cluff, with an interest in CCP, improved 13 to 425p after 450p. Lasmo "Ops," recently firm on small buying in a thin market, eased 5 to 375p, but held a net rise on the week of 40.

Still reflecting the profits setback, Inchcape fell 13 to 370p for a two-day loss of 28. Elsewhere in Overseas Traders, S. and W. Berisford rose 4 to 151p and Gill and Duffus 6 to 153p.

Investment Trusts remained firm. Drayton Premier hardened 3 to 202p on the interim report, while British Assets Trust reflected the dividend announcement with an improvement of 1½ to 80p.

Although closing 3 easier at 367p yesterday following a reasonable turnover, Guthrie still finished 15 better on the week. Other Plantations were generally quiet and little changed.

Big gains in Golds

Responding to the strong rise in the bullion price, which eventually closed $7.50 higher at a record $201.625 an ounce, South African Golds staged a broad advance. The Gold Mines Index climbed 10.2 to 183.4, its highest since June 1976, wiping out the falls of earlier in the week and recording a net rise over the last five trading days of 8.4.

The market was very active with demand from the U.S. predominating, but there was also London interest. Buying spread across the whole range of stocks.

Among the heavily-priced stocks Randfontein were £1¼ higher at £37⅜. The moderately-priced issues featured Libanon with a rise of 50 to 604p, while among the marginals, West Rand advanced 23 to 138p.

The strength spread into the market for Financials, where Amgold firmed ¾ to £18⅜. Consolidated Gold Fields were especially strong among the London issues, rising 8 to 193p. Selection Trust and Charter Consolidated also drew benefit from their involvement with gold, recording respective gains of 10 to 434p and 5 to 147p.

The gold stocks among Australians, helped by the firm Sydney market overnight, responded to London demand: Bougainville, the largest gold producer outside South Africa, rose 6 to 128p, while Gold Mines of Kalgoorlie were 6 better at 62p.

Platinums rose in sympathy with the strength of Golds and Rustenburg climbed 6 to 89p.

Elsewhere on the generally strong mining markets, Coppers, Rhodesians and Tins were steady but untested. Among the domestic Tin issues, Geevor were marked down 5 to 130p in the light of the Commons vote on dividend control.

Despite predictably lower half-year figures, Hamersley were steady at 197p, drawing strength from the general tone of markets.

FINANCIAL TIMES STOCK INDICES

—	July 28	July 27	July 26	July 25	July 24	July 21	A year ago
Government Secs	70.74	70.79	70.88	71.07	70.99	70.76	[illegible]
Fixed Interest	72.25	72.21	72.31	72.22	72.06	71.76	[illegible]
Industrial Ordinary	492.1	488.8	482.0	485.4	485.9	472.2	[illegible]
Gold Mines	183.4	173.2	170.6	175.4	180.3	175.0	[illegible]
Ord. Div. Yield	5.41	5.45	5.51	5.47	5.50	[illegible]	[illegible]
Earnings Y'ld% (full)(*)	16.42	16.53	16.73	16.60	16.68	[illegible]	[illegible]
P/E Ratio (net)(*†)	8.13	8.08	7.99	8.06	8.01	[illegible]	[illegible]
Dealings marked	5,517	4,778	5,168	5,450	4,959	[illegible]	[illegible]
Equity turnover £m	—	76.18	62.98	64.37	82.96	[illegible]	[illegible]
Equity bargains total	—	16,465	16,666	18,537	17,183	[illegible]	11,276

10 am 492.8. 11 am 493.2. Noon 492.6. 1 pm 491.6. 2 pm 491.6. 3 pm 491.7.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.94.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (4/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (5/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.5 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	183.4 (28/7)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 28	July 27
—Daily		
Gilt-Edged	168.4	128.9
Industries	190.8	173.5
Speculative	37.8	31.1
Totals	125.6	108.8
5-day Average		
Gilt-Edged	163.3	160.1
Industrials	181.3	175.5
Speculative	42.6	42.7
Totals	117.7	112.7

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	132	—	150	—	—		857p
BP	800	88	3	112	—	128		
BP	850	54	—	80	—	96		
BP	900	31	7	52	—	70		
Com. Union	140	17	—	18½	—	25		150p
Com. Union	160	6	—	10½	—	15		
Cons Gold	160	40	32	41	9	48		194p
Cons.Gold	180	22	23	[illegible]	24	35		
Cons.Gold	200	9	34	14	28	20		
Courtaulds	100	[illegible]	—	6½	—	—		121p
Courtaulds	110	16½	—	19	—	23		
Courtaulds	120	9	12	13	—	17		
Courtaulds	130	4½	5	8	—	12		
GEC	220	61	1	67	—	—		278p
GEC	240	44	7	50	—	57		
GEC	260	28	17	[illegible]	—	44		
GEC	280	15½	10	25	20	33		
Grand Met.	100	18½	21	[illegible]	—	26½		116p
Grand Met.	110	9½	16	15	—	18½		
Grand Met.	120	5	39	9	15	13½		
ICI	330	71	—	71	3	74		391p
ICI	360	41	26	49	5	54		
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Land Secs.	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		227p
Land Secs.	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Land Secs.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Land Secs.	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Marks & Sp.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		166p
Marks & Sp.	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Marks & Sp.	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Marks & Sp.	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Shell	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		565p
Shell	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Totals			421		176		107	

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Money was given for the call in ICI, Burmah Oil, Ladbroke and Warrants, Charterhall Finance, Feedex, British Land, Coral Leisure, Burton A, Thomson Organisation and Barker and Dobson, while doubles were arranged in Cullen's Stores A and British Land.

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	16	391	—	396	328
Barclays Bank	£1	12	342	—	358	296
BP	£1	12	856	− 4	896	720
Inchape	£1	11	370	−13	445	350
BAT Inds.	25p	10	327	+ 2	346	267
Distillers	50p	10	197	+ 4	197	163
GUS A	25p	9	312	+ 8	314	256
Shell Transport	25p	9	562	—	586	484
Babcok & Wilcox	25p	8	137	+ 3	137	107
Beecham	25p	8	687	+ 3	690	583
Boots	25p	7	221	+ 1	231	184
British Land	25p	7	38½	+ ½	39	28
GEC	25p	7	279	+ 1	279	233
GKN	£1	7	280	+ 7	286	248
Marks & Spencer	25p	7	167	—	167	135

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
ICI	£1	89	391	+ 3	396	328
Shell Transport	25p	62	562	+ 4	586	484
BP	£1	61	856	−22	896	720
BATs Defd.	25p	56	284	+19	296	227
Barclays Bank	£1	51	342	+17	358	296
Beecham	25p	47	687	+17	690	583
Distillers	50p	47	197	+10	197	163
Marks & Spencer	25p	47	167	+ 5	167	135
Burmah Oil	£1	41	68	—	73	42
GUS A	25p	41	312	+20	314	256
Boots	25p	40	221	+11	231	184
GEC	25p	40	279	+ 7	279	233
Unilever	25p	40	532	+ 4	548	476
Lucas Inds.	£1	38	318	+ 2	318	240
Glaxo	50p	37	592	+17	610	515

BASE LENDING RATES

A.B.N. Bank 10 %	■ Hill Samuel §10 %
Allied Irish Banks Ltd. 10 %	C. Hoare & Co. †10 %
American Express Bk. 10 %	Julian S. Hodge 11 %
Amro Bank 10 %	Hongkong & Shanghai 10 %
A P Bank Ltd. 10 %	Industrial Bk. of Scot. 10 %
Henry Ansbacher 10 %	Keyser Ullmann 10 %
Banco de Bilbao 10 %	Knowsley & Co. Ltd. 12 %
Bank of Credit & Cmce. 10 %	Lloyds Bank 10 %
Bank of Cyprus 10 %	London Mercantile 10 %
Bank of N.S.W 10 %	Edward Manson & Co. 11½%
Banque Belge Ltd. 10 %	Midland Bank 10 %
Banque du Rhone 10½%	■ Samuel Montagu 10 %
Barclays Bank 10 %	■ Morgan Grenfell 10 %
Barnett Christie Ltd. 11 %	National Westminster 10 %
Bremar Holdings Ltd. 11 %	Norwich General Trust 10 %
Brit. Bank of Mid. East 10 %	P. S. Refson & Co. 10 %
■ Brown Shipley 10 %	Rossminster Ltd. 10 %
Canada Perm't. Trust 10 %	Royal Bk. Canada Trust 10 %
Capitol C & C Fin. Ltd. 10 %	Schlesinger Limited 10 %
Cayzer Ltd. 10 %	E. S. Schwab 11½%
Cedar Holdings 10½%	Security Trust Co. Ltd. 11 %
■ Charterhouse Japhet 10 %	Shenley Trust 11 %
Choulartons 10 %	Standard Chartered 10 %
C. E. Coates 11 %	Trade Dev. Bank 10 %
Consolidated Credits 10 %	Trustee Savings Bank 10 %
Co-operative Bank *10 %	Twentieth Century Bk. 11 %
Corinthian Securities 10 %	United Bank of Kuwait 10 %
Credit Lyonnais 10 %	Whiteaway Laidlaw 10½%
The Cyprus Popular Bk. 10 %	Williams & Glyn's 10 %
Duncan Lawrie 10 %	Yorkshire Bank 10 %
Eagil Trust 10 %	
English Transcont. 11 %	■ Members of the Accepting Houses Committee.
First Nat. Fin. Corpn. 12 %	* 7-day deposits 7%. 7-month deposits 7¼%.
First Nat. Secs. Ltd. 12 %	
■ Antony Gibbs 10 %	† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
Greyhound Guaranty 10 %	
Grindlays Bank ‡10 %	
■ Guinness Mahon 10 %	‡ Call deposits over £1,000 7%.
Hambros Bank 10 %	§ Demand deposits 7¼%.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (292)

BRITISH FUNDS (1)
AMERICANS (2)
BANKS (1)
BEERS (4)
BUILDINGS (12)
CHEMICALS (3)
CINEMAS (1)
DRAPERY & STORES (30)
ELECTRICALS (14)
ENGINEERING (20)
FOODS (8)
HOTELS (3)
INDUSTRIALS (65)
INSURANCE (4)
MOTORS (6)
NEWSPAPERS (3)
PAPER & PRINTING (1)
PROPERTY (13)
SHOES (2)
TEXTILES (8)
TOBACCOS (1)
TRUSTS (72)
OVERSEAS TRADERS (4)
TEAS (2)
MINES (16)

NEW LOWS (8)

DRAPERY & STORES (1)
Henriques A
ENGINEERING (2)
Bamfords Gen. Eng'g (Rad.)
INDUSTRIALS (2)
Bentima Brady Inds.
SHIPPING (2)
Hunting Gibson Runciman (W.)
Jacobs (J. I.)

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Corpns. Dominion and Foreign Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or−	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS and SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., July 28, 1978 (Index No., Day's Change %, Est. Earnings Yield % (Max.), Gross Div. Yield %, Est. P/E Ratio (Net)); Thurs. July 27; Wed. July 26; Tues. July 25; Mon. July 24; Year ago (approx.)	Highs and Lows Index: 1978 High, Low; Since Compilation High, Low
1 CAPITAL GOODS	[illegible]	[illegible]
2 Building Materials	[illegible]	[illegible]
3 Contracting, Construction	[illegible]	[illegible]
4 Electricals	[illegible]	[illegible]
5 Engineering Contractors	[illegible]	[illegible]
6 Mechanical Engineering	[illegible]	[illegible]
8 Metals and Metal Forming	[illegible]	[illegible]
CONSUMER GOODS		
11 (DURABLE)	[illegible]	[illegible]
12 Lt. Electronics, Radio TV	[illegible]	[illegible]
13 Household Goods	[illegible]	[illegible]
14 Motors and Distributors	[illegible]	[illegible]
CONSUMER GOODS		
21 (NON-DURABLE)	[illegible]	[illegible]
22 Breweries	[illegible]	[illegible]
23 Wines and Spirits	[illegible]	[illegible]
24 Entertainment, Catering	[illegible]	[illegible]
25 Food Manufacturing	[illegible]	[illegible]
26 Food Retailing	[illegible]	[illegible]
32 Newspapers, Publishing	[illegible]	[illegible]
33 Packaging and Paper	[illegible]	[illegible]
34 Stores	[illegible]	[illegible]
35 Textiles	[illegible]	[illegible]
36 Tobaccos	[illegible]	[illegible]
37 Toys and Games	[illegible]	[illegible]
41 OTHER GROUPS	[illegible]	[illegible]
42 Chemicals	[illegible]	[illegible]
44 Pharmaceutical Products	[illegible]	[illegible]
45 Office Equipment	[illegible]	[illegible]
46 Shipping	[illegible]	[illegible]
47 Miscellaneous	[illegible]	[illegible]
49 INDUSTRIAL GROUP	[illegible]	[illegible]
51 Oils	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]
61 FINANCIAL GROUP	[illegible]	[illegible]
62 Banks	[illegible]	[illegible]
63 Discount Houses	[illegible]	[illegible]
64 Hire Purchase	[illegible]	[illegible]
65 Insurance (Life)	[illegible]	[illegible]
66 Insurance (Composite)	[illegible]	[illegible]
67 Insurance Brokers	[illegible]	[illegible]
68 Merchant Banks	[illegible]	[illegible]
69 Property	[illegible]	[illegible]
70 Miscellaneous	[illegible]	[illegible]
71 Investment Trusts	[illegible]	[illegible]
81 Mining Finance	[illegible]	[illegible]
91 Overseas Traders	[illegible]	[illegible]
99 ALL-SHARE INDEX	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Fri. July 28	Day's change %	xd adj. To-day	xd adj. 1978 to date
1 Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.	Fri. July 28	Thurs. July 27	Year ago (approx.)	1978 Highs	1978 Lows
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Fri. July 28 Index No.	Yield %	Thur. July 27	Wed. July 26	Tues. July 25	Mon. July 24	Fri. July 21	Thur. July 20	Wed. July 19	Year ago (approx.)	1978 Highs	1978 Lows	Since Compilation Highs	Since Compilation Lows
15 20-yr. Red. Deb. & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INSURANCE, PROPERTY BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey gross. ♯ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 489-494

INSURANCE BASE RATES

† Property Growth 10½%

† Vanbrugh Guaranteed 9.2%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	24	.....	—	—
40	35	Do 5pc Pref	40	.....	—	—
98	98	Chilean Mixed	98	.....	—	13.10
415	350	German Ync. 4½pc.	410	.....	4½	—
54	46	Greek 7pc Ass	54	.....	3½	16.48
51	46	Do 6pc 28 Stab Ass.	51	.....	6	16.00
43	40	Do 4pc Mixed Ass.	43	.....	4	14.65

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 47½% (based on US$1.922 per £)
Conversion factor 0.6763 (0.6838)

CANADIANS

[illegible]

S.E. List Premium 47½% (based on $2.1733 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh.50c	170	+2	Q50c	1.3	25.1
24	15	Rhod'n Corp. 16½p	16	.....	0.57	7.1	5.3
80	52	Roan Cons. K4	67	.....	—	—	—
175	122	Tanganyika 50p	165	+2	Q10.0	1.2	6.1
90	78	Do. Pref. 80p	87	.....	Q9%	16.3	8.3
41	32	Wankie Col. Rh 1	36	.....	†Q7½c	1.4	17.8
16½	10	Zam.Cpr.SBD0.24	13½	.....	—	—	—

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

100	70	Messina R0.50	85	—1	†Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
61	35	Barymin	52	.....	—	—	—
17	9	Burma Mines 17½p.	14	.....	—	—	—
300	215	Cons. Murch. 10c	225	.....	‡Q30c	2.6	‡
465	245	Northgate C$1	395	+10	—	—	—
234	164	R.T.Z.	227	+6	9.64	2.8	6.3
90	30	Sabina Inds. C$1	54	+1	—	—	—
£12	750	Tara Expln. $1	875	+25	—	—	—
45	43	Tehidy Minerals 10p	45	.....	1.35	ϕ	4.5
180	120	Yukon Cons. C$1	173	.....	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	24	.....
Ash Spinning	44	.....
Bertam	21	.....
Bdgwtr. Est. 50p	295	+5
Clover Croft	26	.....
Craig & Rose £1	480	.....
Dyson (R. A.) A.	38	.....
Ellis & McHdy.	61	.....
Evered	16½	.....
Fife Forge	50	.....
Finlay Pkg. 5p	23	−½
Graig Ship. £1	115	−5
Higsons Brew.	77	.....
I.O.M. Stm. £1	155	.....
Holt (Jos.) 25p	263	.....
N'thn. Goldsmith	56	.....
Pearce (C. H.)	182	.....
Peel Mills	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	58d	.....
Sindall (Wm.)	105	.....

IRISH

Conv. 9% '80/82	£92½	−⅛
Alliance Gas	66	.....
Arnott	350	.....
Carroll (P.J.)	105	+2
Clondalkin	107	+2
Concrete Prods.	145	+5
Heiton (Hldgs.)	50	+4
Ins. Corp.	160	.....
Irish Ropes	135	+5
Jacob	67	.....
Sunbeam	31	.....
T.M.G.	195	+5
Unidare	95	.....

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¾
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22		
E.M.I.	14	Do. Warrants	10	Brit. Petroleum	45
Gen. Accident	17	P & O Dfd.	8	Burmah Oil	5
Gen. Electric	18	Plessey	8	Charterhall	3
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	20
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	**Mines**	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Saturday July 29 1978

MAN OF THE WEEK

In the family interest

BY MICHAEL THOMPSON-NOEL

HE WAS NOT brought up a rich man's son. As a boy he lived in North Bay, Ontario, a pioneering, isolated community given to fishing and the outdoor life where he was raised as the typical son of a typical family in the period just before and during the Depression. "We had the necessities of life but no luxuries. Our *circumstances were simple but it* was rather a good life and they are good days to look back on."

The vantage point from which Kenneth Thomson, the second Lord Thomson of Fleet, now 54, can look back on his North Bay boyhood is the chairmanship of *the* £350m Thomson Organisation, the publicly quoted arm of the Thomson family interests. In a move of some financial complexity, Lord Thomson this week reorganised the family interests, including oil, publishing and travel, so that the entire Thomson Organisation will become a wholly owned subsidiary of a Canadian holding company.

Lord Thomson of Fleet
Canadian regrouping

The Thomson family is relinquishing *all its North Sea oil* interests to a new company, International Thomson Organisation, in return for an increased stake, 81.3 per cent, in the enlarged Canadian company. In part, the plan was evolved to help handle the considerable sums of cash in which the Thomson interests will soon be awash. This year alone, group pre-tax profits are forecast at £126m (£90m from oil, £36m from the publishing and travel side). The new company will have around £100m in cash assets.

Monopolies Commission restrictions would have limited its room for manoeuvre both in travel and publishing, while if *it had remained a UK company,* exchange control regulations would have prevented it switching surpluses into international markets. The main shareholder, the Thomson family itself, is already resident in Canada and therefore able to gain from receiving dividends direct from the new Canadian company. In addition, Canada has no exchange control regulations and no dividend restraint.

In any event, the present Lord Thomson has never felt so confidently at home in Britain as his father, the late Roy Thomson, the genial, *myopic,* unaffected newspaper entrepreneur—part genius, part rough diamond—who laid the foundation of the Thomson empire by selling anything from spark plugs and ice-making machines to radio sets. To this day he is remembered in the small towns of North Ontario as a man in a flapping rain-coat and black fedora, plodding happily through the snow to sell a dealer 50 cents of washers.

His son recollects that it was not until he was 16 or 17 that affluence came to the family. After the Royal Canadian Air Force he went to Cambridge before returning to Canada to join the Timmins Press, the first paper his father ever bought. "He bought it in 1932 when it was a *fallen-down little flat-bed* weekly. He built it up into a good solid rotary-printed daily." While on the Timmins Press, Kenneth Thomson wrote obituaries, covered city council meetings—the usual run of general reporting. By his mid-20s he felt it was time for a "stint of finance and advertising . . ."

He now controls and runs an organisation which over the next few years will generate capital *surpluses of many hundreds of* millions of pounds. The publishing and travel sides alone are to have £100m spent on them. The *entire chain of* regional newspapers is to be computerised. A further £70m will be spent on the oil side, but the massive *surpluses will be sufficient,* in addition, to fund increased international investment in communications and leisure, particularly *in the U.S.*

These days he commutes between Toronto and London. He is tall, slim, a strong family *man and* devoted collector of sculptures and ivory. "The true collector is out of control. I am in love with my collection."

His style of management and personality differ from those of his father. "Kenneth has a much more recessive personality," *said* a business associate last night. "He hasn't quite the same thrust as his dad, but then he has strong interests outside the business."

Formula could avert civil servants' strike

BY PAULINE CLARK, LABOUR STAFF

MR. DENIS HEALEY, Chancellor of the Exchequer, stepped into the industrial civil servants' pay dispute yesterday to prevent a threatened 11th-hour breach of his Phase Three pay policy.

He took the chair at a meeting with trade union leaders and Ministers, *which* agreed a new formula for a return to negotiations on the pay claim.

With the expiry of the Government's *10 per cent pay guidelines* and the official debut of its new 5 per cent regime on Monday, Mr. Healey called in three senior Cabinet *members* to work out a formula to end the industrial action which has already hit Britain's key Polaris submarine bases and threatens other defence establishments next week.

Mr. Fred Mulley, Defence Secretary, Albert Booth, Employment Secretary, and Lord Peart, Lord Privy Seal, met Mr. Moss Evans general secretary of the Transport and General Workers' *Union. Mr. David Basnett,* general secretary of the General and Municipal Workers' Union and chairman of the TUC, and Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers.

Mr. Healey found himself confronting one of the most powerful opponents of a rigid Phase Four pay policy in Mr. Evans, over a dispute which could have wide implications for the success of the next stage of the Government's anti-inflation programme.

The formula agreed yesterday was said in a statement from the GMWU to provide that "during this year's negotiations, the Government will not interpret its pay policy more rigidly for Government industrial workers *than it has done for other comparable groups.*"

In response to the unions' claim that the 183,000 industrial civil servants involved are due for a "substantial" rise having been left behind in the past, the two sides also agreed to go ahead with a comparability study. This *will be on similar lines to the* old civil service Pay Research Unit comparisons with like jobs in the private sector.

This *provision is rather less* firm than the forward commitments on pay given to groups such as the firemen and the police under Phase Three.

But the union leaders hope that, if it can be coupled with some improvement on the offers made so far under the 10 per cent guidelines, the threatened national one-day strike called for next Wednesday can be averted.

Efforts were being made yesterday *to arrange a resumption* of joint industry negotiations on Tuesday.

The GMWU believed that there was *still room for* manoeuvre in the pay offer. But it would not predict how members involved in this week's spontaneous industrial action would respond.

Mr. Frank Cottam, a union national officer said: "We are not out of the woods yet." The Tuesday meeting would involve discussions on how the comparability study could be applied as well as further negotiations on *the 10 per cent offer.*

The industrial civil servants, who submitted a list of claims including consolidation of the *last two* pay supplements and improved shift and overtime allowances, have rejected an offer of a new basic rate of £36.60 a week.

W. German company will control UK metal group

BY JAMES BARTHOLOMEW

PREUSSAG, a prominent West German industrial company valued about £100m, has given up its attempt to buy control of the Dutch mining group Patino, which includes Sir James Goldsmith among its directors.

Instead Preussag is to relinquish its 29 per cent stake in Patino and, in the same deal, acquire Patino's 53 per cent controlling interest in the British metal trading and tin smelting group, Amalgamated Metal Corporation.

To comply with the City Code on Takeovers and Mergers, *Preussag will make an offer to* AMC's outside shareholders on the same terms as those granted to Patino. But the German *company explicitly does not want* complete ownership of AMC.

Preussag bought the bulk of its stake in Patino in March, 1977, but Patino's board has resisted its advances. The disposal of Preussag's stake in Patino will break the stalemate and Preussag says the main attraction of Patino was in any case its stake in AMC.

The terms of the full bid for AMC that Preussag is now obliged to make are unusual for an offer by an overseas company to a British concern. AMC shareholders are offered 10.46 bearer shares of DM 100 each in Preussag or 37.71 ordinary shares of guilders 5 each in Patino. Lazard Brothers and Co. and Westdeutsche Landesbank Girozentrale will offer to dispose of the Preussag shares for cash at a price *equivalent to 333p* an AMC share, compared with 330p in the market last night. That values the company at £21m.

AMC said *last night* that the board would consider the offer next week and meanwhile advised shareholders not to act.

Patino has expressed a preference to receive shares in itself as consideration for its AMC stake. But allocations will be made pro rata and a maximum of 1,264,550 Patino shares are available for transfer.

Bankers S. G. Warburg are advisers to Patino and Morgan Grenfell to AMC.

Adrian Dicks adds: If the Preussag offer for AMC goes through, however, it is possible that the EEC or West German cartel authorities could raise objections in view of AMC's 20 per cent share in Norddeutsche Raffinerie, the Hamburg copper smelter and refinery in which Metallgesellschaft and Degussa are the other shareholders.

Nevertheless, Preussag, by having to *renounce its stake in* Patino, would appear to have closed off one of the best and most rapid ways open to it of *extending its direct interests in* mining properties and prospects in major producer countries. In common with other West German metals companies, it is known to be concerned at the long-term implications of owning relatively few ore sources outside West Germany itself.

The West German Government is enthusiastic in its support of new minerals exploration and in such ventures as deep seabed mining, in which Preussag is also participating.

Unit trust charges to be probed

BY ADRIENNE GLEESON

THE PRICE COMMISSION is to investigate the amounts charged by the *managers of* unit trusts on behalf of the Department of Trade.

This is the first time that the Price Commission has been asked to use its investigatory expertise on behalf of a third party. Normally investigations are undertaken at the behest of the Secretary for Prices, on the recommendation of the commissioners.

The Department of Trade's decision to ask for a study from the Price Commission was made with the agreement of the Unit Trust Association, which has long *been* pressing for an increase in charges.

The fees which may be charged by the managers of authorised unit trusts in the UK are strictly regulated by the Department, and the scale *has* not been altered for over 20 years. Unit trust groups complain that they cannot make ends meet without heavy *sales of new units,* on which there is a sizeable front-end charge.

In March this year the Unit Trust Association's renewed application for an increase in the scale of charges was turned down by the Department, to the great consternation of the trusts. Since then, however, the Department has agreed to hear further representations from the association.

Yesterday's *announcement of* the Price Commission investigation, the culmination of these behind-the-scenes negotiations, *was warmly welcomed* by leading figures in the industry as proof that the question of charges is still wide open.

The commission's investigation will be conducted on an informal basis, and is expected to take three months.

The terms of reference, as set by the Department of Trade, *which is paying for the investigation,* are:

"To study the method of determining profits, and the level *of such profits made by management* companies from their authorised unit trust activities in recent years;

"*To consider whether the* formulae controlling the maximum charges borne by unitholders are appropriate in the light of economic developments during this period;

"And to suggest ways of modifying these formulae if this seems appropriate."

The Commission's report will be made available to unit trust managers, and it is expected that the Department will publish it.

Commission to check cigarette prices, Page 3

U.S. tax relief package cut

BY DAVID BUCHAN

WASHINGTON, July 28.

THE POWERFUL Ways and Means Committee of the U.S. House of Representatives last night approved a tax relief package of $3.8bn (£1.98bn) less than the $20bn (£10.4bn) proposed *by the Carter Administration* and repealed the 15 per cent minimum tax on capital gains introduced nine years ago.

The crucial issue behind the move, which could bring a veto from President Carter, is not the size of the $16.2bn Ways and Means tax cut Bill—which Administration officials privately regard as about right in the present state of the economy—but its composition.

Mr. Carter, whose tax relief proposals were mainly geared to provide individual tax cuts for low and middle income brackets, has said he wants no *lowering* in capital gains rates.

But the pressure for changes in capital gains taxation has been *growing fast in Congress among* both parties. Thirteen Democrats and 12 Republicans on the Ways and Means Committee voted for *the Bill.*

Though liberal Democrats can be expected to fight the $1.8bn relief for capital gains approved by the committee when the Bill comes to the House floor, Senator Russell Long, Senate finance chairman, has made it clear that he will push for equally large capital gains tax cuts in the Senate.

The main provisions of the Ways and Means tax Bill are:

- Individual tax cuts of $10.5bn *mainly through an increase in* personal exemptions, from $750 to $1,000, rate cuts, and adjusted tax brackets.
- $3.8bn tax relief for business, from larger investment credits and a lower top rate in corporation tax, which goes down from 48 per cent to 46 per cent on taxable income of over $100,000.
- Capital gains relief of $1.8bn. The Ways and Means Committee has *substituted for the present* 15 per cent minimum tax a new minimum 10 per cent which, however, would be paid only in certain special circumstances.

Consumer prices rise, Page 2

Continued from Page 1

Price of gold tops $200

against 8.6 per cent on the previous day.

The pound benefited from the fall in the dollar and was generally firmer. It ended with a rise of 1.75 cent at $1.9250, with its weighted index rising to 62.5 against 62.2.

The improvement in sterling helped the gilt-edged market, and yesterday *the Bank of* England took advantage of the recent demand to announce another £800m issue of long-dated tap stock.

The stock will replace the previous long tap, exhausted on Monday. It is again in partly paid form, spreading the calls on the market over the next two months and avoiding too heavy a drain of funds immediately, at a time when the money market is exceptionally *short of liquidity.*

To relieve this shortage, the Bank has announced this week the release of another £440m of special deposits to the banks, to be paid back in late September.

The new issue also includes an innovation, with the applications made next Wednesday instead of Thursday, which has been normal until now. The Wednesday lists are intended to be adopted as the normal procedure to avoid a clash with the announcement of the Bank's minimum lending rate, now on *Thursdays.*

The new stock is £800m of 12 per cent Exchequer stock 1999-2002. It is being issued at a price of £96 per cent, with £15 payable on application, 40 more on August 22 and the rest on September 18.

At the issue price it offers a flat yield of 12.50 per cent and return to redemption of 12.53 per cent.

Reed and Guardian Royal cut S. Africa stakes

By Margaret Reid and Andrew Taylor

TWO LARGE British companies, Guardian Royal Exchange Assurance and Reed International, *yesterday announced moves* directed towards significant reductions in their interests in South Africa.

Guardian Royal Exchange, a large composite insurance group, is selling the bulk of its majority stake in Guardian Assurance Holdings (South Africa) in a £16m deal. *The transaction will* leave it controlling its general insurance operation in South Africa *but* with only a small holding in the life business.

Reed International, whose plan to sell its paper and packaging interests in Stanger and Nampak to Union Corporation foundered earlier *this year, is now well* advanced in negotiations to sell Nampak to Barlow Rand, South Africa's largest industrial *company.*

Guardian Royal, which holds 66.7 per cent of Guardian Assurance, is selling 21½m of these shares, at R1.25 each, against the recent suspension price of R2.05, to a new South African company in which the chief shareholder will be Mr. Donald Gordon, who runs the Guardian Assurance business and sits on the Guardian Royal board.

Other shareholders in the new concern, which will emerge with a 52 per cent stake in Guardian Assurance, which owns 81 per cent of the Liberty Life Association life business and all the general insurance business, will be Standard Bank Investment Corporation and Mr. Michael Rapp, a *Guardian Assurance* director.

The remaining 9.3m shares Guardian Royal has in Guardian Assurance are to be cancelled in return for which Guardian Royal will take over direct ownership from Britain of the general insurance business, Guardian Assurance South Africa.

Life company

The new South African company will now control Guardian Assurance, which will essentially be a *life* company, Guardian Royal's stake in it falling to 10.7 per cent. After the general insurance company, Guardian Assurance *South Africa* (GSA), has been hived off to continue under Guardian Royal's direct control, Guardian Assurance *will inject* R3.88m (£2.3m) to acquire a 25 per cent holding in the enlarged GSA capital.

Guardian Royal said it was shedding the bulk of its interest in the life business because the asset was one of the largest investments of its UK life fund.

Reed's 63 per cent stake in Nampak's packaging and paper business, acquired for £31m, has been one of the group's more profitable South African investments. Last year Nampak earned pre-tax profits of £14½m, of which Reed's share was thought to be about £9m, on the *back of £84m sales.*

Originally Reed, needing funds to reduce its heavy debts, had planned to sell the Nampak holding and its 50 per cent interest in Stanger to Union Corporation, another prominent South African group.

Cut loose

Since then, Reed has had to reconsider its plans and has *acquired the other* 50 per cent of Stanger from C. G. Smith. Smith paid £10m in cash and agreed to cancel debts of a further £7m to cut itself loose from Stanger, which had incurred heavy start-up costs and external borrowings of about £25m.

At *news of bid talks* with Barlow Rand, the shares of Nampak were suspended on the Johannesburg stock exchange at the equivalent of 313p, having risen 57p in the previous 10 days. At the suspension price Nampak has a market capitalisation of £75m compared with shareholders funds at £41½m.

On current share prices Barlow would have to pay the equivalent of £47m to buy out Reed's stake in Nampak. However, because of the difficulties facing overseas groups trying to sell out in South Africa, the final sum realised by Reed may be less than the price paid by Barlow.

THE LEX COLUMN

World markets hit new peaks

All round the world, remarkable things are happening to share prices. In the U.K. and Japan, leading equity indices are within a fraction of their all-time highs. Markets in Australia, Canada, South Africa, Germany and France all touched new 1978 peaks this week. Even in New York, the Standard and Poors composite index has almost recovered to its high point of last June despite a further attack on the dollar and deteriorating trends in inflation.

The price of gold bullion is also soaring. The figures are distorted by the weakness of the dollar, but even in terms of the Swiss franc, gold has risen by nearly a tenth in the past four months. So much for the rule books. Gold is supposed to attract funk money, whereas *equity prices are supposed to* be about confidence. It is very unusual for them both to be going up at the same time.

Moreover this buoyancy is occurring at a time when international interest rates are still, *if anything,* tending to edge upwards and when, according to the Organisation for Economic Co-operation and Development, the economic outlook remains fragile.

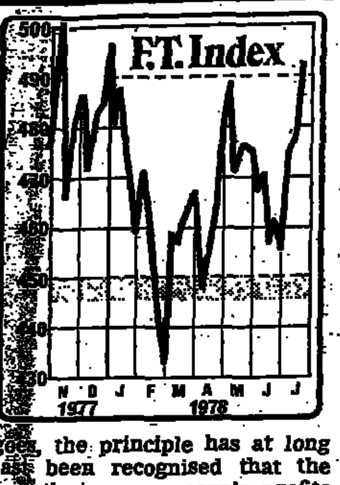
The strength of the London market has to be seen in this international context. The FT 30 Share Index has risen by 36½ points in the last three weeks, and it now stands right at the very top of the trading range in which it has been stuck for most of this year.

The bulls' case

Behind this sharp improve*ment in sentiment lies a grow*ing confidence in the idea that the next movement in interest rates is likely to be downwards, *and that the inflationary out*look has marginally improved in the past month or so. Official intervention in the money markets has also been interpreted bullishly. Thursday's temporary release of a second tranche of special deposits suggested that a determined attempt to control the money supply and to limit bank lending was not to be allowed to create a severe financial squeeze.

Paradoxically, the latest round *of statutory dividend controls* has brought special pleasure to the bulls. Everyone recognises that the concession on dividend cover *is only going to* apply to a relatively small proportion of companies. But the argument

Index rose 3.3 to 492.1



goes, the principle has at *long* last been recognised that the *growth in a company's profits* should be reflected in its dividend payments.

So the equity market is now poised at a *delicate stage.* The next few weeks will show whether there really is enough momentum behind the buying to lift it out of its prolonged sideways movement.

Gilt edged

Meanwhile the FT Government Securities Index ended the week with a marginal fall. *Prices of long-dated stock were* up to £¼ better at one stage yesterday, but drifted back after the announcement of the new partly-paid long tap, £800m of Exchequer 1999-2000.

There is no pressing urgency for the authorities to sell gilts at the moment, since the funding programme appears to be well ahead of schedule. But with the exhaustion of the last long tap on Monday, there was a danger that the long end of the gilts market could start to *run away if left untapped. If* the new stock and the existing medium tap can be cleared out over the next month or two, the Government can be sure of its funding requirements until well after the election.

However, heavy shortages of funds in the money markets have been pushing up rates at the short end at a time when the official line is that they are on their way down. The authorities may decide to make a token cut in Minimum Lending Rate over the *next week or two,* but the discount market believes that any sharp reduction is extremely unlikely as long as *the shortages persist. Politically* inspired reductions in MLR are likely to have less impact on the short end of the gilts market over the next few months than *movements in sterling.*

Bank profits

A £14.9m drop in Midland Bank's interim pre-tax profits, to £87.5m, brought the clearers' interim profit season to a close. *Once again most stock market* analysts seem to have got their profit estimates wrong and the shares fell 13p to 352p, since the results were interpreted as worse than expected.

However, the real message of the recent bunch of results is that it is very difficult to compare the performances of these major financial institutions as long as they continue to keep their movements in bad debt provisions a secret. Midland, at least, is keen to reveal all—*possibly even by the year end.*

Whereas Barclays and NatWest are now clearly benefitting from an element of deferred profit because of earlier over-provisioning, Midland maintains that its charge to profits for bad debt provisions etc., was very much the same as last year. Consequently, its performance compared to that of Barclays and *NatWest is nowhere near* as bad as the published figures suggest.

Midland's performance was also hit by the seasonal nature of Thos. Cook's profits. Adjusted for this, profits in the first half *of this year* would have been £3m up on the second half of last year, rather than the reverse. As it is, Midland's average *sterling lending rose* by over 25 per cent compared with the same half of last year and, although margins have been under pressure, it has increased its market share in line with its objectives.

In the *second* half, average base rates should be considerably higher, and Midland, in common with the other banks, *should do much better.* However, earlier buoyant estimates for bank profits are now being scaled down following the recent figures. At the end of the year Lloyds and Midland will do well to match their 1977 profits, NatWest should do marginally better and Barclays, helped by its conservative accounting in the past, should do best of all. The *sector* has been relatively firm over the past month or so but given the more cautious profit forecasts there seems little reason for it to outperform the market in the next few months.

Weather

UK TODAY

DRY, sunny periods, rain from W.

London, S.E., E., Cent. S., Cent. N. England, E. Anglia, E. Midlands

Dry, *sunny periods.* Max. 23C (73F).

W. Midlands, Channel Islands, S.W., N.W. England, Wales

Dry, sunny periods. Max. 21C (70F).

Lakes, Isle of Man, N.E., N.W. Scotland, Glasgow, Highlands

Dry, sunny, rain later. Max. 20C (68F).

N.E. England, Borders, Edinburgh Dundee, Aberdeen, Orkney, Shetland

Dry, *sunny periods.* Max. 19C (66F).

N.W. Scotland, N. Ireland

Cloudy, rain. Max. 20C (68F).

Outlook: Rain.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	F	24	75	Luxemb'g	F	26	79
Athens	S	29	84	Madrid	S	34	93
Bahrain	S	40	104	Manchstr.	F	19	66
Barcelona	S	26	79	Melbourne	C	12	54
Beirut	S	29	84	Milan	S	28	82
Belfast	C	15	59	Montreal	S	18	64
Belgrade	S	27	81	Moscow	F	23	73
Berlin	S	29	84	Munich	S	26	79
Brmghm.	F	21	70	Newcastle	F	20	68
Bristol	S	19	66	New York	C	23	73
Brussels	S	26	79	Oslo	C	21	70
Budapest	F	28	82	Paris	S	28	82
B. Aires	R	14	57	Perth	C	16	61
Cairo	S	34	93	Prague	S	28	82
Cardiff	S	17	63	Reykjavik	C	12	54
Chicago	S	22	72	Rio de J'o	S	25	77
Cologne	S	27	81	Rome	S	29	84
Copnhagn.	S	23	73	Singapore	S	30	86
Dublin	F	19	66	Stockholm	S	26	79
Edinburgh	F	19	66	Strasbrg.	S	29	84
Frankfurt	S	28	82	Sydney	S	16	61
Geneva	S	26	79	Tel Aviv	F	28	82
Glasgow	F	17	63	Tokyo	S	32	90
Helsinki	S	24	75	Toronto	S	19	66
H. Kong	C	25	77	Vienna	S	29	84
Jo'burg	S	20	68	Warsaw	S	27	81
Lisbon	S	25	77	Zurich	S	23	73
London	F	24	75				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Jersey	F	17	63
Algiers	S	29	84	Las Plms.	S	24	75
Biarritz	S	25	77	Locarno	S	26	79
Blackpool	S	17	63	Luxor	F	36	97
Bordeaux	S	29	84	Majorca	S	31	88
Boulogne	C	19	66	Malaga	S	27	81
Casablnca.	S	24	75	Malta	S	29	84
Cape Town	C	17	63	Nairobi	S	21	70
Corfu	F	30	86	Naples	S	30	86
Dubrovnik	S	29	84	Nice	S	28	82
Faro	S	26	79	Oporto	S	23	73
Florence	S	30	86	Rhodes	S	29	84
Funchal	S	24	75	Salzburg	S	27	81
Gibraltar	S	27	81	Tangier	S	25	77
Guernsey	S	17	63	Tenerife	S	22	72
Innsbruck	S	25	77	Tunis	S	32	90
Inverness	F	18	64	Valencia	S	27	81
Isle of Man	S	15	59	Venice	S	29	84
Istanbul	F	26	79				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

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